



DAILY REPORT

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ZHAO ZIYANG MEETS WORLD FOOD PROGRAM CHIEF

OW142130 Beijing XINHUA in English 1621 GMT 14 Apr 86

[Text] Beijing, April 14 (XINHUA) -- Chinese Premier Zhao Ziyang said here today that China will continue its cooperation with the World Food Programme. Zhao made these remarks at a meeting with James Ingram, executive director of the organization, his wife and their party here this afternoon.

Zhao noted that the World Food Programme has done a great deal of useful work, providing Third World countries which have low incomes and suffer from famine with grain assistance and foodstuffs. Zhao expressed his appreciation of Ingram's efforts to promote cooperation between the World Food Program and China, adding that China supports the World Food Programme's activities. He said China has a population of one billion. In the past few years, its grain production has been getting better. China exports some grain, and it also imports some, to ensure a supply of different varieties.

Ingram said China's self-sufficiency in grain is still at a low level, and the World Food Programme will continue its cooperation with China. He said fruitful results have been achieved in agricultural cooperation between the World Food Programme and China. This experience can be drawn on by other developing countries.

Zhao said China's successful cooperation with the World Food Programme in agricultural projects will help eliminate some doubts on the effectiveness of food aid. He said that it is necessary to provide some developing countries with urgent grain assistance. But the most important thing is to start agricultural cooperation projects with them.

Ingram, his wife and their party arrived here yesterday for a friendly visit to China at the invitation of Minister of Agriculture, Animal Husbandry and Fisheries He Kang. This morning He Kang and Ingram held talks, and in the evening He Kang gave a banquet for the visitors. Manfred Kulesa, resident coordinator of the United Nations systems operational activities for development was present at the banquet.

YAO YILIN MEETS UN DISASTER RELIEF OFFICIAL

OW111427 Beijing XINHUA in English 1304 GMT 11 Apr 86

[Text] Beijing, April 11 (XINHUA) -- Vice-Premier Yao Yilin met Mohamed Essaafi, Under Secretary-General of the United Nations and UN disaster relief co-ordinator, Mrs Essaafi and his party here this afternoon in the Great Hall of the People. Essaafi told the Chinese vice-premier that after visiting some of China's anti-calamity establishments he held that China should be called a model in anti-calamity and relief work. Yao thanked the UN Disaster Relief Office for its cooperation in this regard. Since Essaafi and his party arrived here on April 5, Chinese Minister of Foreign Economic Relations and Trade Zheng Tuobin met and gave a banquet for them. The guests also called on Minister of Civil Affairs Cui Naifu.

REPORTAGE ON U.S. RAID AGAINST LIBYA

U.S. Spokesman Announces Strike

OW150406 Beijing XINHUA in English 0348 GMT 15 Apr 86

[Text] Washington, April 14 (XINHUA) -- The United States carried out air strikes against Libya shortly before 0 a.m. GMT today, the White House announced tonight. White House spokesman Larry Speakes told reporters the "carefully planned" U.S. military strikes against Libya lasted less than half an hour. He did not cite specific targets the U.S. had hit. However, ABC news reported that at least five Libyan targets have been hit, and all the U.S. airplanes have returned safely.

Speakes said U.S. President Ronald Reagan ordered the strikes because of evidence that Libya had been involved in the bombing of a discotheque in West Berlin on April 5 which killed one American and injured about 60. The action was taken because there are evidences that further attacks against American targets were planned by Libya, Speakes said. According to Speakes, the targets attacked in Libya this evening are "terrorist related targets" and "the United States has chosen to exercise its right to self-defense." He said Libya "bears direct responsibility for the bombing in West Berlin on April 5."

He said: "It is our hope this action will pre-empt and discourage Libyan attacks against innocent civilians in the future." He said U.S. forces struck targets that were part of Libyan leader Mu'ammar al-Qadhafi's "terrorist infrastructure, the command and control systems, intelligence, communications, logistics and training facilities. These are sites that allow Al-Qadhafi to perpetuate terrorist acts."

Speakes announced U.S. President Ronald Reagan will speak to the nation on the U.S. military strike against Libya at 9 p.m. EST (2 a.m. GMT).

U.S.-Libya relations have been further intensified after the U.S. military confrontation with Libya in the Gulf of Sidra. The action irritated Libya, who regards the Gulf of Sidra as its territorial waters and launched six missiles against U.S. aircraft but missed the target. The United States struck back, sinking three Libyan boats and damaged another. The U.S. also hit twice a Libyan missile site.

Then on April 2, a U.S. TWA Airliner was hit by a bomb when the plane was flying from Rome to Athens. The explosion killed four Americans. On April 5, a bomb exploded in a West Berlin disco, killing one American and injured about 60 others. Since then, the United States has made many public statements indicating that Libya might be involved in these bombings. Reagan threatened last Wednesday that the United States would retaliate against Libya if enough evidence could be found on Libya's involvement in the bombings.

After that, both the White House and the State Department adopted a "no comment" policy. Observers here held that the silence meant that U.S. preparations were underway against Libya. Earlier reports said the United States would wait until Vice President George Bush and Defense Secretary Caspar Weinberger came back from their visits abroad. Now both of them have returned home. The U.S. has also sent envoys to Europe to consult with its allies on possible actions against Libya.

Till 7 p.m. today no official news of U.S. military action had been disclosed. Speakes's impromptu news briefing was made after the U.S. military action was over.

Reagan Addresses Nation

OW150436 Beijing XINHUA in English 0406 GMT 15 Apr 86

[Text] Washington, April 14, (XINHUA) -- U.S. President Ronald Reagan tonight defended the U.S. decision to strike Libyan targets, saying that "we have done what we have to do, if necessary, we should do it again."

He announced that at 7 p.m. EST (00:00 a.m. GMT) the U.S. airplanes carried a series of air strikes against Libyan targets and he described the U.S. mission as successful. Reagan said that the evidence "is now conclusive" that the West Berlin discotheque bombing "was planned and executed under the direct orders of the Libya regime."

"Our evidence is direct, it is precise, it is irrefutable," declared the President. He said the military action was taken after other measures failed to stop Libya's terrorist actions.

After Reagan's speech, U.S. Secretary of State George Shultz and Secretary of Defense Caspar Weinberger also briefed reporters at the White House. Shultz said the United States informed the charge d'affaires of the Soviet Embassy in Washington that the U.S. action was directed against Libyan leader Mu'ammr al-Qadhafi and not to the Soviet Union. Weinberger told reporters that U.S. airplanes had attacked targets both in the eastern and western parts of Libya.

Weinberger Remarks

OW151016 Beijing XINHUA in English 0950 GMT 15 Apr 86

[Text] Washington, April 14 (XINHUA) -- U.S. Defense Secretary Caspar Weinberger said tonight the United States used a combination of 500-pound and 2,000-pound laser guided weapons and precision guided delayed gravity bombs to attack targets in eastern and western Libya at 7 p.m. EST (0:00 a.m. GMT) today. He said about 18 U.S. F-111's, 15 A-6s and A-7s and supporting aircraft were involved in the attacks -- reportedly the largest American air raid since the Vietnam War.

Weinberger said the U.S. Third Air Force attacked targets in western Libya where, the military airport near Tripoli is located. He called the military barracks attacked by the United States as "a command and control headquarter of the Libyan terrorist activities." U.S. forces also attacked a training area, including a maritime diver training unit. At the same time, Weinberger said, U.S. A-6s from the U.S. aircraft carriers "the America" and "the Coral Sea" attacked targets in eastern Libya. U.S. forces attacked another barrack which is an alternate command post from the Tripoli barracks. Another air base from which defensive suppressive activities in air defense could be mounted was also hit, he said.

Reports from Tripoli, the Libyan capital, said the U.S. raid on the city damaged an air base and the headquarters of Libyan leader Mu'ammr al-Qadhafi. His residence was also hit and members of his family were injured, Libyan radio announced. He said all of the targets "were terrorist-related."

He said the Benina Air Base in the east "was closed" and incapable of launching any aircrafts. He said there were "no lights, no radar, no communication" at the airport as a result of the U.S. attack.

Weinberger said all the U.S. navy planes involved in the attack returned without casualty, and all of the F-111s with one exception had been accounted for. He declined to say whether the one that is not accounted for had been downed by the Libyans.

The U.S. raid came at 2 a.m. local time, awakening terrified residents in Tripoli who poured into the streets on foot and in their automobiles, jamming roads and honking their horns as smoke from the attack drifted across the city, U.S. journalists reported from Tripoli. Libyan radio claimed that Libya downed three U.S. aircraft.

Tripoli Says Three Planes Down

OW150544 Beijing XINHUA in English 0525 GMT 15 Apr 86

[Text] Beijing, April 15 (XINHUA) -- The Libyan capital of Tripoli was hit early this morning by at least four U.S. air strikes, according to foreign news agency reports received here today. Ground gunners returned volleys of anti-aircraft fire from the direction of the Tripoli port and an explosion was seen in the western part of the city.

Libyan radio began playing martial music soon after the first air-raid, which was followed by a series of slogans. Radio Tripoli said in a report U.S. planes bombed Libyan leader Col. Mu'ammarr al-Qadhdhafi's living quarters in Tripoli and (?members) of his family were hit. The radio did not say anything about the colonel or specify if he was in the barracks where he and his family live at the time of the air raids. But "foreign civilians" were among the casualties, the radio said, without mentioning if they had been wounded or killed.

"Three American planes were shot down" and "their pilots killed", the radio said without giving further details.

The strikes came as U.S. President Ronald Reagan was reported to be ready to address the United States following days of speculation about U.S. military actions in retaliation for what Washington has alleged as Libya's involvement in terrorist attacks.

Events Leading to Strike Described

OW150354 Beijing XINHUA in English 0341 GMT 15 Apr 86

["Backgrounder: U.S. Attacks on Libya" -- XINHUA headline]

[Text] Washington, April 15 (XINHUA) -- U.S. aircraft Monday attacked Libyan targets in retaliation against what the United States called "Libyan terrorist activities," the White House announced.

Observers here noted that the attack was expected. Since the U.S.-Libyan clash in the Gulf of Sidra on March 24, President Ronald Reagan has threatened to take new measures against Libya. But many people, including some leaders in West European countries, had predicted that the attack would not come before Monday, when Reagan would meet his advisers to make a final decision on military actions against Libya.

Last weekend, Reagan sent some senior officials to Western Europe to explain U.S. attitude toward Libya and seek support from allies. But most of the West European countries seemed reluctant to follow the United States in imposing sanctions against Libya and had reservations over a new U.S. attack against Libya.

Last month, the United States staged a large scale maneuver in the Gulf of Sidra off the Libyan coast, involving four of its 14 aircraft carriers. In clashes with Libyan forces, U.S. forces sank a number of Libyan patrol boats, raided a radar installation and twice bombed a missile site on Libyan territory. After the incident, Libyan leader Mu'ammarr al-Qadhdhafi called for attacks against U.S. targets worldwide.

The United States insisted that both the bomb explosion of the TWA flight 840 on April 2 over Athens and the bomb attack against a West Berlin discotheque on April 5 had a Libyan background. Four people died on flight 840 and two people were killed and more than 200 wounded in the bombing of the West Berlin nightclub.

Last Saturday, Libya announced it would move troops from some military bases and transfer the sites to foreign oil and petrochemical companies to ward off a possible U.S. attack. "We have closed all the military camps specified by the United States to be attacked," announced Qadhdhafi. "We have handed them over to foreign companies to repair and maintain to be used as residences for workers of the oil fields and petrochemical companies in the future."

Now, about 1,000 Americans and 1,000 Britons are working in Libya.

Reports said that two U.S. aircraft are now in the Mediterranean off the northern coast of Libya.

REACTION TO U.S. ATTACK ON LIBYA

PRC Condemns Attack

OW150758 Beijing XINHUA in English 0752 GMT 15 Apr 86

["Chinese Government Expresses Concern Over Renewed U.S. Attack on Libyan Territory" -- XINHUA headline]

[Text] Beijing, April 15 (XINHUA) -- The Chinese Government today expressed deep concern and anxiety over the renewed U.S. attack on the Libyan territory, condemning this act as violating the norms governing international relations.

A spokesman of the Chinese Foreign Ministry made remarks in connection with the renewed U.S. attack made in the small hours today by the U.S. military forces in the Mediterranean. The spokesman said that this had drastically worsened the situation in the Mediterranean and the Middle East. "The Chinese Government expresses its deep concern and anxiety and condemns such an act of attacking the territory of another state and encroaching upon its sovereignty in violation of the norms governing international relations," he said.

"The Chinese Government has always opposed and condemned all forms of terrorism and opposed the use of terrorist means in carrying out political struggle," the spokesman said. "At the same time, we are against the encroachment upon the territory of a sovereign state under the pretext of striking terrorism." He said, "We have always in favor [as received] of seeking a fair and reasonable settlement of differences among states through peaceful dialogue. The use or threat of force could only further complicate an issue rather than facilitate its settlement."

"We ask the U.S. Government to stop forthwith its encroachment upon the territory and sovereignty of Libya and call on the parties concerned to exercise restraint, cease hostilities and avoid the further deterioration of the situation in the interest of the maintenance of peace and stability in this region."

Attack Called 'Flagrant Violation' of Law

OW151243 Beijing XINHUA in English 1232 GMT 15 Apr 86

["Commentary: U.S. Air Strikes on Libya Violate International Law" -- XINHUA headline]

[Text] Beijing, April 15 (XINHUA) -- U.S. White House Spokesman Larry Speakes announced last night that the United States has launched "a series of carefully planned air strikes" against Libya, including its capital Tripoli.

This is the second encroachment by the United States within a month on an Arab sovereign state. The U.S. act has flagrantly violated the norms of international law and severely jeopardized the peace and security of the Mediterranean region, and thus should be opposed and condemned.

The repeated U.S. violation of Libyan territory and air space although carried out under the pretext of "opposing terrorism" and "retaliating upon terrorist activities" cannot but reveal Washington's real intention -- pursuing power politics and the policy of gunboat.

It is true that the resort to activities, such as kidnapping, murder, hijacking, explosion and holding of hostages, in international politics, has always been condemned by the international community. It has also been intolerable to all the justice-holding countries that in handling inter-state relations, a strong power should use military force to threaten others, trample upon the sovereignty of other countries, subvert their government and aggravate international tension.

In using its gigantic military machines to attack successively on two occasions a small country with a population of three million, the United States might have won some temporary advantages over Libya. But, it is a moral loser for the day when big powers can wantonly sway their power has long gone and the act of the strong bullying the weak has become very unpopular in the world today.

The Arab-Israel conflict, the internal disorder in Lebanon and the endless Iran-Iraq war have already inflicted tremendous sufferings on the people of the Middle East Area. The U.S. attack of Libya has made the mid-east issue ever more complicated. This situation is harmful to world peace and benefits neither the United States nor Libya. It cannot but arouse grave concern and attention of the international community.

USSR Criticizes Attack

OW150918 Beijing XINHUA in English 0908 GMT 15 Apr 86

[Text] Moscow, April 15 (XINHUA) -- The Soviet official news agency TASS said today that the United States "has moved to naked aggression" by launching an air attack against Libya and that "it is yet too early to speak of the consequences of this new act of state terrorism."

In a signed commentary, issued shortly after Washington announced the air strikes against Libya, TASS said "American imperialism has perpetrated a new bloody crime" and has started speaking "in its true tongue - the tongue of bombs, flames and death."

TASS compared the attack to U.S. actions in Vietnam, Nicaragua and the Caribbean Island of Grenada. TASS said that Washington's attack is aimed at "trying to intimidate the Libyan people and also to show the other nations that the present American administration will not stop short of using military force to fulfill its hegemonistic political plans."

Earlier, TASS reported the U.S. raid in a "flash" which is rarely used for foreign news.

The White House announced on Monday night that the United States carried out "carefully planned" air strikes against Libya to retaliate the recent terrorist attacks in which Libya was allegedly involved.

BEIJING REVIEW ON SHULTZ'S MEDITERRANEAN VISIT

OW141205 Beijing BEIJING REVIEW in English 14 Apr 86 p 10

[By Zhang Qihua]

[Text] United States' Secretary of State George Shultz's 10-day trip to France, Turkey, Greece and Italy late in March was clouded by the outbreak of military conflict between the United States and Libya. He had to spend much of his time discussing, and no doubt defending, the U.S. position in the Mediterranean, as well as talking about how to cope with the growing widespread terrorism.

The United States had hoped its allies would support its actions in Libya, in which U.S. Navy jet fighters bombed a military installation in the town of Surt and attacked Libyan patrol boats in retaliation for earlier missiles fired at U.S. aircraft by Libya. However, the Mediterranean countries he visited, though differing in their stand, all expressed concern over the situation in the Mediterranean.

In a communique after talks between Shultz and Italian Prime Minister Bettino Craxi, both nations said they were willing to make efforts to reduce tension in the Mediterranean. They also announced that they were discussing a co-operation agreement that aims to combat terrorism. Yet the Italian and Greek leaders criticized the U.S. military actions in the Gulf of Sidra.

Shultz spent most of his time in Greece and Turkey, both members of the Northern Atlantic Treaty Organization. Positioned in the strategically important eastern part of the Mediterranean, and serving as the communications hub between Asia, Africa and Europe, both Greece and Turkey have historically been wooed by the West. But for decades the two countries have been at odds over the issue of Greeks and Turks in Cyprus. The two neighbours also have territorial disputes in the Aegean sea. This has left the southeastern flank of the NATO much weakened.

The United States has defence and economic co-operation pacts with both Greece and Turkey. The contracted terms for use of land for the U.S. military bases expired in 1985 in Turkey and will expire in 1988 in Greece. Shultz stressed the U.S. concern about peace and stability in the area, declaring the United States approved the draft proposal recently raised by the secretary general of the United Nations and considered it a way of settling the Cyprus issue. But Shultz persuaded neither of them. Greece insisted on troop withdrawal by Turkey from Cyprus and criticized the UN draft for giving no attention to troop withdrawal. Meanwhile, Turkey said it would not withdraw its troops until the security of the Turks in Cyprus could be safeguarded. The latter also publicly refused the UN secretary general's draft.

On the issue of the U.S. military bases in the area, the future looks shaky in both countries. While negotiations on the issue between the United States and Turkey have been maintained for six months, Shultz left the country with no new agreements on defence to take back to the White House. The initial five-year defence agreement with Turkey expired last December but continues to hold weight until either a new agreement is reached or Turkey formally denounces the old one. Shultz told reporters back in Washington that a renewed agreement on the military bases was delayed because Turkey continued to link the renewal to major trade concessions by the U.S. Turkey has also asked for an increase in aid to U.S. \$1.2 billion a year from about U.S. \$750 million. However, Shultz said negotiations would continue between lower level officials.

The Greek government has repeatedly stated it will close up the U.S. military bases when its pact with the U.S. expires. And recently more demonstrations against the United States have surfaced on the streets of Athens.

Although no concrete agreement on the issue of military bases was reached, both Shultz and Prime Minister Andreas Papandreou expressed satisfaction over their talks, declaring much progress was made in relations between their two countries. The Greek government has promised to give an answer on the U.S. bases long before the five-year agreement expires in two years.

At the same time, Shultz promised to step up economic aid and co-operation in investment, tourism, and data and technological transfer between the United States and Greece.

The relationships between the United States, Turkey and Greece have always been complicated and delicate. Although Shultz's visit has created an atmosphere for improved relations with the two countries, the United States still has a long way to go before reaching solid ground -- and securing its military bases in the two Mediterranean countries.

SHEVARDNADZE, QIAN QICHEN MEET ON NORMALIZATION

Shevardnade Receives Qian

OW141304 Beijing XINHUA Domestic Service in Chinese 1228 GMT 14 Apr 86

[Text] Moscow, 14 Apr (XINHUA) -- Soviet Foreign Minister Shevardnade received here today Qian Qichen, special envoy and vice foreign minister of the Chinese Government, who is attending the Sino-Soviet consultations in Moscow. The two sides exchanged views concerning normalization of relations between the two countries. Qian Qichen said that the Chinese leaders sincerely hoped for an early normalization of relations between China and the Soviet Union and for gradual removal of the obstacles in Sino-Soviet relations. The purpose of the consultations is to discuss and solve these problems.

Ilichev, special envoy and deputy foreign minister of the Soviet Government, and Chinese Ambassador to the Soviet Union Li Zewang were present at the meeting. Qian Qichen arrived in Moscow on 6 April to attend the eighth round of the Sino-Soviet consultations.

Exchange of Views

OW141525 Beijing XINHUA in English 1520 GMT 14 Apr 86

[Text] Moscow, April 14 (XINHUA) -- Soviet Foreign Minister Eduard Shevardnadze met special envoy of the Chinese Government and Vice Foreign Minister Qian Qichen here today. They had an exchange of views on the normalization of relations between the two countries. Qian arrived in Moscow on April 6 for the eighth round of Sino-Soviet consultations on the normalization of relations between the two countries. The new round began on April 7.

He said at the meeting today that it is the sincere hope of the Chinese leaders to see an early normalization of Sino-Soviet relations on the basis of the five principles of peaceful co-existence, while the obstacles lying in the way of Sino-Soviet relationship should be removed step by step. The consultations are help precisely for discussing and thrashing out these problems, The Chinese vice foreign minister added. Present at the meeting were Soviet special envoy and Vice Foreign Minister Leonid Ilichev and Chinese Ambassador to the Soviet Union Li Zewang.

'Text' Of Communique

OW141400 Beijing XINHUA Domestic Service in Chinese 1327 GMT 14 Apr 86

[Text] Moscow, 14 Apr (XINHUA) -- A press communique was issued here after conclusion of the eighth round of Sino-Soviet Consultations. The full text of the communique reads as follows:

The eighth round of Sino-Soviet Consultations was held in Moscow from 7 to 14 April 1986.

Qian Qichen, special envoy and vice foreign minister of the Chinese Government, and L.F. Ilichev, special envoy and deputy foreign minister of the Soviet Government, continued their exchange of views concerning normalization of Sino-Soviet relations and a number of international issues. They pointed out that the two countries had expanded their ties and contacts in various fields. They also reiterated the willingness to further improve and develop relations between the two countries in political, economic, scientific and technological, cultural, and other fields.

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The consultations were held in a frank, tranquil, and earnest (tan shuai ping jing he ren zhen di) atmosphere.

Both sides held that the consultations and dialogue were useful. They decided that the next round of consultations will be held in Beijing in October 1986.

Report on Communique

OW141732 Beijing XINHUA in English 1703 GMT 14 Apr 86

[Text] Moscow, April 14 (XINHUA) -- China and the Soviet Union have reaffirmed their readiness to further improve and expand the relations between the two countries in various fields, said a communique released here today.

Issued at the end of the eighth round of Sino-Soviet consultations on the normalization of relations between the two countries, which took place in Moscow from April 7 to 14, the communique said special envoy of the Chinese Government and Vice Foreign Minister Qian Qichen and his Soviet counterpart Leonid Lilichev continued an exchange of views on the normalization of Sino-Soviet relations and on some international issues.

Both sides noted that there has been an expansion of links and contacts in many fields between the two countries and they reiterated their readiness to further improve and expand the relations between the two countries in the political, economic, scientific and technological, cultural and other fields, the communique said. The eighth round of consultations proceeded in a frank, calm and earnest atmosphere, it added.

The communique noted that the two sides deemed the consultations and dialogue to be useful and agreed that the next round of consultations will be held in October this year, in Beijing.

Contradiction of Views

HK150804 Hong Kong AFP in English 0744 GMT 15 Apr 86

[By Pierre-Antoine Donnet]

[Text] Beijing, April 15 (AFP) -- The eighth round of talks on normalization of Sino-Soviet relations were useful but ended with no tangible results, the head of the Chinese side said here Tuesday. "I cannot say there was any result," said Qian Qichen, vice-foreign minister, who was speaking at the airport on his return from Moscow where the talks ended Monday. Mr. Qian also said he had not heard about a Soviet proposal for a meeting between top Soviet and Chinese leaders Mikhail Gorbachev and Deng Xiaoping.

A report by the Soviet news agency TASS had said the idea was put forward Monday during a meeting between Mr. Qian and Soviet Foreign Minister Eduard Shevardnadze. Mr. Qian said the Soviet side had made a new proposal to raise the level of the political dialogue, but that "there was nothing concrete in it". However, he said that "if one wants to speak about a result," of the latest talks, "we could say (the negotiations) have been useful," Mr. Qian said.

A joint communique issued after the talks said the two sides were ready "to further improve and expand relations in political, economic, scientific and technological, cultural and other fields".

Western diplomats here said that the joint communique, almost identical to the one issued after the seventh round of talks in October, suggested that no real progress had been made.

The Chinese official said that an exchange of visits by foreign ministers was not discussed during his stay in Moscow, implicitly rejecting the idea of a visit to the Soviet Union in the near future by Chinese Foreign Minister Wu Xueqian. Informed East European sources said that Mr. Wu was to visit East Germany and Hungary from May 30 to June 6, the first visit to the Soviet bloc by China's top diplomat since the Sino-Soviet split over ideological differences in the early 1960's. Mr. Wu is to visit the Eastern Bloc countries following official visits to Finland, Norway, Iceland, Belgium, Luxembourg and Denmark. Returning to China, the Chinese minister is to make a stopover in the Romanian capital, but is not scheduled to stop in the Soviet Union, the sources said.

Mr. Qian's statements contradicting the TASS report over a Deng-Gorbachev meeting provided a vivid illustration of the differences in the way China and the Soviet Union have sought to present the improvement in their relations over the past few months, Western analysts here said.

At the end of 1985, Moscow announced with great fanfare that the two foreign ministers would exchange visits, for the first time in more than 20 years. The Soviet side even specified dates, saying Mr. Wu would go to Moscow in May or June, and Mr. Shevardnadze would travel to Beijing in the autumn.

Soon afterwards, China said that no dates had been set and added that there had been no progress in improving political relations with the Soviet Union. Beijing let it be known that it was profoundly irritated at the Soviet refusal to discuss the "three obstacles" impeding normalization of relations. The three obstacles cited by Beijing are Moscow's support for the Vietnamese occupation of Cambodia, the Soviet military presence in Afghanistan and the Soviet troops stationed along China's northern border.

Relations between the two communist giants had begun to improve significantly -- particularly in the trade field -- after negotiations on normalizing relations were initiated in 1982 and visits of high officials exchanged in 1984 and 1985.

Trade soared to more than 1.9 billion dollars last year from the 1981 level of 300 millions dollars. For the first time since 1960, Soviet experts are to help modernize Chinese factories built with Soviet assistance in the 1950's. Peking is to hold a first trade exposition in Moscow in July and plans to send a delegation to study cooperation in the nuclear power field.

Qian Qichen Returns Home

OW142208 Beijing XINHUA in English 2145 GMT 14 Apr 86

[Text] Moscow, April 14 (XINHUA) -- Qian Qichen, Chinese special envoy and vice-foreign minister of China, left here for home today after the eighth round of the Chinese-Soviet consultation. During the period of consultation, Qian paid a visit to the western Soviet City of Minsk.

FURTHER COVERAGE OF WU XUEQIAN VISIT TO JAPAN

Meets Political Leaders

OW142233 Beijing XINHUA in English 2215 GMT 14 Apr 86

[Text] Tokyo, April 14 (XINHUA) -- Visiting Chinese Foreign Minister Wu Xueqian and Japanese friends have pledged further efforts for a long-term stable development of Sino-Japanese relations as well as for economic and technical cooperation.

Their pledge was voiced here today when Wu Xueqian met separately with Vice-President Susumu Nikaido of the Liberal Democratic Party (LDP), LDP Secretary-General Shin Kanamaru, Chairman Kiichi Miyazawa of the LDP Executive Board, and Minister of Finance Noboru Takeshita. Chinese Ambassador to Japan Zhang Shu was present on the occasion. The Chinese minister and his party were entertained this morning and yesterday respectively by President Masayoshi Ito of the Japan Dietmen's League for Japan-China friendship and president Yoshihiro Inayama of the federation of economic organizations.

The Chinese ambassador hosted a reception here tonight in honor of Wu. LDP Vice-President Susumu Nikaido, Chairman Yoshikatus Takeiri of the Central Executive Committee of Komeito (Komei Party), Minister of International Trade and Industry Michio Watanabe, Minister of Agriculture, Forestry and Fisheries Tsutomu Hata, and Vice-Speaker Iseichi Katsumada of the House of Representatives attended the reception. President Chen Kunwang of the Tokyo Association of Chinese residents was also present. Wu Xueqian and his party, who returned here from Hakone yesterday, will leave tomorrow for a visit to Fukuoka, Oita and Osaka.

Holds Press Conference

OW142237 Beijing XINHUA in English 2219 GMT 14 Apr 86

[Text] Tokyo, April 14 (XINHUA) -- Visiting Chinese Foreign Minister Wu Xueqian said here today that he and Japanese leaders share full confidence in the future of Sino-Japanese relations.

Wu told a news conference at the National Press Club that they all believe the good-neighborly relations between the two nations will last and be developed steadily into the 21st Century. Wu said the problems existing between the two countries will be easy to solve if the two sides carefully observe and respect each other's national feelings and consult in a sincere and friendly manner. Strengthened coordination and cooperation in international affairs between the two important countries in the Asian and Pacific region are of great significance to peace in the region and the world, Wu pointed out.

Asked about negotiations for a China-Japan agreement on investment protection, Wu said the Chinese Government has always been enthusiastic towards signing such an agreement since the two countries have close economic ties. He expressed the hope that in the negotiations either side should try to avoid raising requirements unacceptable to the other side or impossible for it to fulfill.

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On the Kampuchea issue, Wu said no solution can be found with China, but with both the Vietnamese aggressors and the Kampuchean resistance forces, while the Association of Southeast Asian Nations (ASEAN) plays an important role. Hanoi's rush rejection of the eight-point proposal put forward by the Coalition Government of Democratic Kampuchea shows that Vietnam is not sincere in its talks about a political solution, Wu said.

Wu described the Soviet proposal for an Asian collective safety system as "mere lip service" as long as Moscow refuses to remove the three major obstacles in Sino-Soviet relations and on other issues.

China has identified the three obstacles as Moscow's backing for the Vietnamese occupation of Kampuchea, the Soviet occupation of Afghanistan and heavy Soviet military deployment along the Chinese border.

XI ZHONGXUN ATTENDS KIM IL-SONG BIRTHDAY PARTY

OW142008 Beijing XINHUA in English 1952 GMT 14 Apr 86

[Text] Beijing, April 14 (XINHUA) -- Sin In-ha, ambassador of the Democratic People's Republic of Korea to China, gave a banquet at the Embassy here tonight in celebration of the 74th birthday of Korean President Kim Il-song.

Among those present were Xi Zhongxun, member of the Political Bureau and Secretariat of the Chinese Communist Party Central Committee, Zhu Liang, head of the International Liaison Department of the CPC Central Committee, and Liu Shuqing, vice-minister of foreign affairs. In his speech, Sin In-ha said that President Kim Il-song's career represents the course of the Korean people's struggle to recover their fatherland and liberate their countrymen, and demonstrates his loyalty to the country, the people and the revolution.

Xi Zhongxun said that Comrade Kim Il-song has guided the Korean revolution and construction from victory to victory, and added an illustrious chapter to the history of Korea. Xi reiterated China's consistent stand of firmly supporting the Korean people in their just struggle for the reunification of the country.

They both proposed toasts to the health and long life of President Kim Il-song and the continuous growth of Sino-Korean friendship.

HU YAOBANG MEETS BELGIAN PARTY DELEGATION

OW150942 Beijing XINHUA in English 0931 GMT 15 Apr 86

[Text] Beijing, April 15 (XINHUA) -- Chinese Communist Party General Secretary Hu Yaobang said here today that it would be "enlightened and farsighted" of developed countries to help underdeveloped countries prosper.

Speaking to a delegation from the Flamand Socialist Party of Belgium, Hu said developed nations would receive long-term benefits from the ending of underdevelopment and the recovery of most of the world from its economic depression. Hu said China seeks long-term relations of friendship and cooperation with developed countries.

Karel van Miert, Flamand Socialist Chairman, said his party and the Chinese Communist Party have similar views on the issues of peace and development. In that context, he pointed out that his party stands for a united Europe that would support the efforts of the Third World. "This would contribute to the security of Europe as well," he said.

Hu said economic cooperation between China and Belgium had been "fruitful," and that he hoped it would expand. Van Miert said his party will work for Belgian-Chinese economic cooperation and for friendly ties between the two parties.

PAPANDREOU RETURNS TO GREECE FOLLOWING PRC VISIT

OW112035 Beijing XINHUA in English 1950 GMT 11 Apr 86

[Text] Athens, April 11 (XINHUA) -- Greek Prime Minister Andreas Papandreou returned here late this afternoon from his four-day official visit to China. Papandreou was received at the airport by Greek Deputy Prime Minister Ioannis Haralambopoulos, Minister to the prime minister Akis Tsokatzopoulos and other government officials. Speaking to Fan Chengzuo, charge d'affaires of the Chinese Embassy here who was also at the airport to welcome the Greek Prime Minister, Papandreou and his wife Margaret described their visit as excellent. "I'm deeply impressed with the trip," the Greek prime minister said.

ITALIAN COMMUNIST PARTY CONGRESS CLOSES

PRC Foreign Policy Viewed

OW101401 Beijing XINHUA in English 1246 GMT 10 Apr 86

[Text] Rome, April 9 (XINHUA) -- Alessandro Natta, general secretary of the Italian Communist Party, said today his party considers negotiations as a positive way to promote co-existence, detente and mutual and limited disarmament. Natta, delivering a three-hour address to 1,091 party members and delegations from around the world assembled for the 17th National Congress of the Italian Communist Party, said Italian communists favor the restoration of people's rights that have been infringed upon in the Middle East, Afghanistan, Indochina, Central and Latin America and South Africa.

In his speech--which was warmly applauded by the audience--Natta explained his party's relationship with the Soviet Communist Party. "We have long refused to join in the camp," Natta explained, "Because of our responsible approach toward the international reality and our intention to urge Italian contributions to world peace." While praising Soviet leader Mikhail Gorbachev's recent proposals on disarmament, Natta said that Italian communists demand that Moscow withdraw its troops from Afghanistan as soon as possible.

As for China, Natta said he appreciates Beijing's foreign policy, which he described as contributing to peaceful co-existence.

Turning to the relationship between Italy and the United States, Natta said, "We advocate that Italy and Europe should maintain the spirit of acting on their own within the existing treaties, but we have no intention of letting that spirit destroy the American-European ties inherited from history." Natta criticized some party members for failing to distinguish the U.S. authorities from the American people, the Reagan administration from various political forces in the country.

Referring to the problems of the Middle East, Natta defended the rights of the Palestinian people while at the same time condemning terrorism.

Despite expressing great concern over the threat from Libyan leader Mu'ammar al-Qadhafi, Natta criticized Washington for creating a threat of war at Italy's front door. He demanded the Italian Government promise that NATO bases in Italy can be used only for the purposes written in the NATO Treaty, and said he favours the proposal for a Mediterranean conference on peace.

On European issues, Natta said Italian communists hope they can help unite leftist and progressive forces in Europe to promote the integration process in the region. He added that his party opposes Italy joining in the U.S. "star wars" project, U.S. President Ronald Reagan's research program to build a space-based nuclear missile defense system.

The last half of the general secretary's report was dedicated to domestic issues. Natta blamed Italy's high unemployment rate and spiralling public debt on the failure of the coalition government of socialist Prime Minister Bettino Craxi to achieve its goals, and stressed the need for a new program. He called on all forces to unite to accomplish reform in Italy.

Leader on Uniting Party

OW131938 Beijing XINHUA in English 1846 GMT 13 Apr 86

[Text] Rome, April 13 (XINHUA) -- General Secretary of the Italian Communist Party Alessandro Natta stated today that the party "will become more united" after the current 17th Party Congress.

In his summary speech to the congress being held in Florence, Natta said that "we become closer with each other not just because we asked each other to give up their own views, but because we strived to listen to and understand each other."

The party general secretary told the participants of the congress, which opened April 9, that the party has experienced severe tests but is faced with new ones ahead. "But all of us will stand these tests with greater confidence and sensibility, for what faces us is a new path," Natta said.

Referring to the situation in the Mediterranean, Natta, leader of the largest communist party in Western Europe, expressed concern over the danger of a war escalation there. He said that terrorism should be dealt with firmly, but a responsible attitude and respect of international rights should replace acts of aggression or war.

The Italian Communist Party supports the government's proposal for a European community meeting on the issue, Natta said. He added the non-aligned countries and people all over the world should urge the U.S. Government to change its foolish policy toward the Mediterranean crisis. The Italian Communist Party is the second largest party in the Italian Parliament with 171 members in the Chamber of Deputies and 90 senators. The President of the Chamber, Leonilde Jotti, is a Communist, so is one of the vice presidents of the Senate.

New Central Committee Elected

OW140807 Beijing XINHUA in English 0710 GMT 14 Apr 86

[Text] Rome, April 13 (XINHUA) -- The 17th National Congress of the Italian Communist Party elected a new Central Committee and a Central Control Committee at its closing session today.

The Central Committee now has 219 members, 34 members more than the previous group. The new Central Control Committee has 61 members. Alessandro Natta was re-elected General Secretary of the Italian Communist Party at a meeting of the two committees tonight. Natta, 68, succeeded the late Enrico Berlinguer as general secretary in 1984.

Congress Ends 13 Apr

OW141126 Beijing XINHUA in English 0843 GMT 14 Apr 86

[Text] Florence, April 13 (XINHUA) -- The Communist Party of Italy ended its 17th National Congress today with the adoption of several documents and the election of a new Central Committee and Central Control Commission.

The theses of the party, one of the leading documents adopted, was approved with only 17 abstentions out of more than 1,000 delegates attending. The theses deals mainly with such problems as how Italian Communists view socialism, the international status of Europe and the Italian Communist Party, social reform and the party's selection process and reform. The draft of the theses was first published in December, but since then some modifications had been proposed by several delegates, including new Central Committee member Armando Cossutta and Petro Ingrao.

Cossutta suggested that the draft these was incomprehensive in its analysis of the international situation and the basic characteristics of U.S. policy. Ingrao raised a proposal for establishing a constitutional government. Some delegates also suggested that the democratic forces of Italy and of all Europe should be independent of the United States, just as the Italian Communist Party maintains independence in its relations with the Soviet Union.

However, before adopting the theses these delegates revoked their amendments. The other two important documents -- the party program and the new Party Constitution -- were also adopted by the congress.

REPORTAGE ON YUGOSLAVIA'S RIBICIC DELEGATION VISIT

Meets With Hu Yaobang

OW120831 Beijing XINHUA in English 0820 GMT 12 Apr 86

[Text] Beijing, April 12 (XINHUA) -- Hu Yaobang, general secretary of the Chinese Communist Party Central Committee, met and feted Mitja Ribicic, member of the Presidency of the League of Communists of Yugoslavia, and his party at noon time today. When Hu Yaobang was in Yugoslavia in 1983, he was received by Ribicic, who was then president of the Presidency of the League of Communists of Yugoslavia.

During the meeting today they briefed each other on the economic developments in their own countries. Present on the occasion were Xi Zhongxun and Hu Qili, members of the Political Bureau of the Chinese Communist Party Central Committee.

Ribicic arrived here on Friday for an informal goodwill visit to China as a guest of Hu Yaobang. Zhu Liang, head of the Liaison Department of the Chinese Communist Party Central Committee, met him at the airport. The Yugoslav guests will leave here for Shanghai later today in the company of Hu Qili.

Visits Shanghai

OW131255 Shanghai City Service in Mandarin 0100 GMT 13 Apr 86

[Text] Mitja Ribicic, member of the Presidium of the League of Communists of Yugoslavia, and his wife and entourage, who are currently on an informal good-will visit in China at the invitation of Hu Yaobang, general secretary of the CPC Central Committee, arrived in Shanghai from Beijing by a special plane at 2130 last night. They were accompanied by Hu Qili, member of the CPC Central Committee Secretariat. Rui Xingwen, secretary of the Shanghai Municipal CPC Committee; Huang Ju, deputy secretary of the Shanghai Municipal CPC Committee; Chen Tiedi, member of the Standing Committee of the Shanghai Municipal CPC Committee; and Zhao Yunjun, director of the Shanghai Municipal Foreign Affairs Office, greeted the guests at the airport. Comrade Rui Xingwen cordially shook hands with Comrade Ribicic and other guests at the side of the airplane, warmly welcoming the honorable guests of Yugoslavia on their visit to Shanghai. Also accompanying the guests on their visit to Shanghai was Zhu Shangjing, deputy director of the International Liaison Department of the CPC Central Committee. General Secretary Hu Yaobang met Ribicic and his wife and entourage in Zhongnanhai at noon yesterday.

Returns to Beijing

OW141203 Shanghai City Service in Mandarin 0100 GMT 14 Apr 86

[Text] The Shanghai Municipal CPC Committee gave a banquet at the Xijiao Guesthouse last evening in honor of Mitja Ribicic, member of the Presidium of the League of Communists of Yugoslavia, and his wife and entourage. Following the banquet, Ribicic and his wife and entourage, accompanied by Zhu Shangjing, deputy director of the International Liaison Department of the CPC Central Committee, returned to Beijing by special plane.

Seeing them off at the airport were Rui Xingwen, secretary of the Shanghai Municipal CPC Committee; Huang Ju, deputy secretary of the municipal committee; Chen Tiedi, member of the Standing Committee of the municipal party committee; and Zhao Yunjun, director of the municipal Foreign Affairs Office.

Accomplished by Hu Qili and Rui Xingwen, the distinguished Yugoslav guests, braving the rain, visited Shanghai County's Hongqiao Township and the Baoshan Iron and Steel Complex yesterday morning. They toured Huangpu Jiang by boat in the afternoon.

Bid Farewell by Hu Yaobang

OW142213 Beijing XINHUA in English 2000 GMT 14 Apr 86

[Text] Beijing, April 14 (XINHUA) -- Mitja Ribicic, member of the Presidency of the League of Communists of Yugoslavia, and his party left here for home by air this evening at the end of their China visit. Before their departure, Hu Yaobang, general secretary of the Chinese Communist Party Central Committee, bade farewell to the visitors.

Yesterday, Ribicic and his party visited Hongqiao Township and the Baoshan Steel Works in Shanghai in the company of Hu Qili, member of the Political Bureau of the CPC Central Committee. The Yugoslav visitors were seen off at the airport by Zhu Liang, head of the International Liaison Department of the CPC Central Committee.

POLISH MINISTER 'IMPRESSED' BY PRC AGRICULTURE

OW130804 Beijing XINHUA in English 0745 GMT 13 Apr 86

[Text] Warsaw, April 12 (XINHUA) -- On his return today from a visit to China, Poland's Minister of Agriculture, Forestry and Food Industry, Stanislaw Zieba, said he was greatly impressed by the thriving state of China's agriculture as evidenced by the variety of goods in the markets. In an interview with XINHUA upon his arrival at Warsaw's International Airport, Zieba said that China has carried out its agricultural reform resolutely and as a result its farmers have gained an increased sense of responsibility and show an enthusiastic attitude towards their work.

"We now know through our visit to the countryside and talks with the peasants that the quality and quantity of Chinese agricultural production are improving and the income of peasants is also on the increase. And this is the result of the responsibility system based on family contracts," Zieba said after his tour of Beijing, Heilongjiang and Jilin. Zieba, himself a well-known agricultural expert, said that China's state run farms today have greater decision-making power under the reforms and the linking of wages with production have brought about fine results.

Zieba paid a nine-day visit to China, which he called a success. He said that the agreements reached by the agricultural departments between the two countries will usher in a new phase of cooperation. He noted that to further develop cooperation will benefit both nations and is in line with the basic purpose of the two countries in building socialism.

SIXTH NPC RESOLUTION ON SEVENTH 5-YEAR PLAN

CW141131 Beijing XINHUA Domestic Service in Chinese 1240 GMT 12 Apr 86

[Text] Beijing, 12 Apr (XINHUA) -- Resolution of the Fourth Session of the Sixth National People's Congress on the Seventh 5-Year Plan and on the Report Concerning the Seventh 5-Year Plan (Adopted by the Fourth Session of the Sixth National People's Congress on 12 April 1986)

After earnest examination and deliberation, the Fourth Session of the Sixth National People's Congress decided to endorse the "Report on the Seventh 5-Year Plan" delivered by Premier Zhao Ziyang on behalf of the State Council, and endorse, in principle, the "Seventh 5-Year Plan of the People's Republic of China for National Economic and Social Development" formulated by the State Council.

The session held: During the Sixth 5-Year Plan, China scored tremendous achievements in promoting socialist modernization. Profound changes took place in politics, economy, education, science, culture, public health, national defense, and foreign affairs. A flourishing, lively new situation arose as a result of joint efforts made by people of all nationalities throughout the country. During the period, China effected important changes in its strategy for economic development, in its economic management system, and in its economic relations with foreign countries. These changes conform with state affairs in China and the law governing the development of history. It shows that we are marching along the correct path of building socialism with Chinese characteristics. It is of far-reaching, historical significance in ensuring a sustained, steady, and coordinated economic and social development in China. During the past 5 years, the State Council exercised effective leadership and carried out its organizational work well. The session is satisfied with this.

The session held: While fully reaffirming our achievements, we must soberly realize that we still have shortcomings and errors in our work, and that there will be many difficulties and problems on our road of advance. We must not lower our guard in this matter. We must conscientiously sum up and learn lessons from our past experience; carry out our work even more conscientiously, penetratingly, and meticulously; work with full confidence and in high spirits; and consolidate and develop the current fine situation.

The session held: The guiding ideology, the principle for development, and the arrangements for carrying out reforms set by the Seventh 5-Year Plan are correct. The various tasks of economic and social development set by the plan conform with the requirement of realizing the magnificent goals before the turn of the century. These tasks have been set after considering, in an overall manner, all realistic possibilities. They are positive and reliable, as well as practical and feasible. They can be fulfilled by exerting efforts. If this plan is fulfilled, China will basically be able to operate its economic system in a new orbit, achieve major advances in the socialist modernization drive, and make steady strides on the road of making the country prosperous and strong and making the people rich and happy.

The session held: While persistently giving top priority to reform, comprehensively carrying out reform of the economic system, the science and technology management system, and the educational system, and upholding the principles of invigorating the domestic economy and opening the country to the outside world in vigorously building socialist material civilization, it is also necessary to intensify the building of socialist spiritual civilization, further develop socialist democracy, and improve the socialist legal system, which are important guarantees for successfully implementing the "Seventh 5-Year" Plan.

The session called on the State Council and the local people's governments at all levels to courageously explore and open up a path to march forward, to fully respect the pioneering spirit of the masses, to do an even better job in relying on the masses of cadres and people, to resolutely act according to law, to improve their work style, to raise their work efficiency, and to carry out their work even better in conducting various reforms and doing construction work during the "Seventh 5-Year Plan." The session emphatically pointed out: Efforts must be made to continuously correct unhealthy trends, resolutely strike at criminal activities that seriously disrupt social order and at serious economic crimes, strengthen overall control in maintaining public order, and create an even better social environment for carrying out reforms and construction.

The session also called on the State Council and local people's governments at all levels to continuously strengthen and improve the overall balance in national economy, to pay full attention to strengthening agriculture as the foundation of our national economy, to further promote the coordinated development of agriculture, light industry, and heavy industry, to exercise strict control over the scale of investment in fixed assets, to pay particular attention to accelerating technical and intellectual development, to strive to solve new problems in economic development, and to even more effectively bring about overall and healthy development in promoting economic construction and various social undertakings.

The session held: Due to our limited knowledge and the changes in various conditions, certain new situations that have not been taken into account beforehand or are difficult to predict will definitely crop up in the course of implementing the "Seventh 5-Year" Plan. Therefore, in mapping out a plan for a specific fiscal year on the basis of the "Seventh 5-Year" Plan endorsed by the session, the State Council may effect necessary adjustments in accordance with the actual situation and in close connection with the problems that crop up in the course of implementing the plan.

The session held: Over the past 5 years, China scored significant achievements in foreign affairs and created a new situation. We must continue to adhere to the independent foreign policy for peace, work hard for a lasting international environment for peace, and create fine international conditions for successfully implementing the "Seventh 5-Year" Plan and promoting China's socialist modernization program.

The session also emphatically pointed out: Together with our compatriots in Taiwan, Hong Kong, and Macao and all the descendants of Yan Di and Huang Di who uphold the reunification of the motherland, we must actively promote the contacts and cooperation between the two sides facing each other across the Taiwan Strait, and make continuous and unremitting efforts for the peaceful reunification of the motherland on the basis of the concept of "one country, two systems."

The session called on workers, peasants, intellectuals, cadres, PLA commanders and fighters, public security cadres, and policemen of all nationalities throughout the country, the various democratic parties and mass organizations, democratic personages without party affiliation, and all patriots and laborers who love their socialist motherland to work with one heart and one mind and to unite as one under the leadership of the Communist Party of China, to bring into full play the spirit of the foolish old man who removed the mountains and that of building an enterprise through arduous efforts, to translate the Seventh 5-Year Plan into reality, and to join efforts in triumphantly fulfilling the "Seventh 5-Year" Plan and the magnificent goals before the turn of the century and in building socialism with Chinese characteristics.

COMMENTARY VIEWS CHALLENGES OF 7TH PLAN REFORMS

HK141126 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1307 GMT 13 Apr 86

[Commentary by contributing reporter Xiao Jin: "A Look at Progress in China's Reform in Light of the NPC Session"]

[Text] Hong Kong, 13 April (ZHONGGUO TONGXUN SHE) -- The Fourth Session of the Sixth NPC, with reform as its theme, closed yesterday. This session marks the official introduction of new reform measures during the "Seventh 5-Year Plan" period, which are supported by the people.

The People Unanimously Support Reform

China has encountered various problems and has made various mistakes in the course of reform, and opinions on reform are varied. However, everyone agrees that reform should continue. During group discussions, many NPC deputies voiced the opinion that China's way out is reform and China's hope rests on this. Western reporters in Beijing believe in this. Their reports filed during the NPC session said:

"We can be completely sure that all those in China who are participating in the discussion on reform hold a unanimous opinion regarding the rationality and necessity of the reform."

"Analysts point out: There is almost no doubt that the Chinese Government will carry on reform in the coming 5 years."

Reform Will Make Big Strides During the Seventh 5-Year Plan Period

In what way will China's reform progress in the next 5 years? In his report to the NPC session, Premier Zhao Ziyang has clearly put forth the goal of the reform -- striving to lay down, in 5 years or a longer period, the foundation of a new socialist economic structure with Chinese characteristics. The process of replacing the old structure with a new one and building the framework of a new structure is to be basically completed in the "Seventh 5-Year Plan" period. This shows that China is determined to take a great crucial step after having gained successful experience in reform.

The current objective situation offers the Chinese leaders an opportunity to make big strides in reform. The reform of the economic structure has already greatly invigorated China's economy. Meanwhile, however, many contradictions, conflicts, and loopholes have also shown up in the economic realm. This is because both the new and old economic structures are functioning in the current economic life. The transition from the old structure to the new will take some time. Now that the two structures are at a stalemate, neither of them is dominating the situation. The protraction of such a stalemate will be very unfavorable to reform and economic construction in China. Therefore, Chinese leaders have made up their minds to end this stalemate between the two structures and build the framework of a new structure during the "Seventh 5-Year Plan" period. This is an important step in the reform of the economic structure.

Taking the Challenge by Advancing Three Reform Proposals

Referring to the main tasks of the reform to be carried out in the "Seventh 5-Year Plan" period, Zhao Ziyang put forth three proposals in his report:

-- It is necessary to make greater efforts to invigorate enterprises, especially large and medium-sized enterprises under ownership by the whole people, so as to turn them into relatively independent economic entities and socialist commodity producers and dealers who take the initiative in management and assume sole responsibility for their profits and losses.

-- It is necessary to further expand the socialist commodity market and perfect the marketing system step by step.

-- It is necessary to gradually substitute indirect control for direct control as the means of the state's administration of enterprises, and to set up a new socialist macroeconomic administrative system.

As compared with reform in the past few years, the tasks of the reform to be implemented during the "Seventh 5-Year Plan" period will not only expand the results of reform that have been scored, but will also help dispense with some contradictions that have emerged in the reform. Since 1979, substantial progress has been made in the reform of the economic structure, with the principle of simplifying administration and decentralization as its basic idea and the process of building a commodity market and invigorating enterprises as its strategic goal. But some contradictions have also arisen in reform. In the wake of simplification of administration and decentralization, the decision-making power regarding investment has been delegated to enterprises which assume sole responsibility for their profits and losses. This has encouraged reduction of investment scale, a drastic increase in non-productive investment, and a greater part played by light industry in the production structure. All these contradictions have squarely challenged the original reform idea of simplification of administration and decentralization..

To cope with the above contradictions, the three reform proposals to be carried out in the "Seventh 5-Year Plan" period have attached greater importance to macroeconomic control while retaining the principle of invigorating enterprises. These three aspects of reform comprise an integrated whole. Zhao Ziyang has clearly stated: The purpose of the first aspect of the reform is to ensure that enterprises will have the necessary decision-making power and use their power properly; that of the second aspect of the reform is to secure an external economic environment which will give enterprises an incentive and press them to give full play to their vitality; and that of the third aspect of the reform, that is, the process of gradually substituting indirect control for direct control as the means of the state's administration over enterprises, is to ensure that the microeconomic activities of enterprises will better meet macroeconomic needs. This is also a hallmark of the transition from the old structure to the new one. In the course of the reform, China has also drawn inspiration from the experience of developed countries. So long as we can properly make use of antitrust measures, the shaping of groups of enterprises will serve as a great impetus to economic development. In recent years, while invigorating enterprises, China has vigorously promoted lateral economic ties. In doing so, China's very purpose is to facilitate the shaping of groups of enterprises and thus unrelentingly push ahead the development of the reform as a whole. On the eve of the NPC session, the State Council promulgated the regulations of certain issues regarding the further enhancement of lateral economic ties. It can be predicted that such lateral economic ties will serve as an "accelerator" in the transition from the old structure to the new one.

FURTHER CLARIFICATION OF FOREIGN ENTERPRISE LAW

OW150856 Beijing XINHUA in English 0810 GMT 15 Apr 86

[Text] Beijing, April 15 (XINHUA) -- Special efforts have been paid [as received] to make the new law on enterprises operated exclusively with foreign capital attractive to foreign investors.

This statement was made by a leading member of the Legislative Affairs Commission under the National People's Congress Standing-Committee. In an exclusive interview with XINHUA here today, he discussed the law on wholly-owned foreign enterprises which was adopted on April 12 at the Fourth Session of the Sixth National People's Congress.

He said that there were two considerations made in drawing up the law. One is to make it attractive to foreign investors, and the other is to guarantee the necessary supervision and administration by China over these enterprises. But priority has been given to the former. Speaking on the preferential treatment given to foreign investors, the official said the foreign investors are very concerned with the problem of balancing their foreign exchange. Generally speaking, he said, they should take care to balance their foreign exchange receipts and payments by marketing their products outside of China. If these enterprises are permitted to market their high-grade products in China to replace imports and consequently experience an imbalance in foreign exchange, the competent authorities shall be responsible for helping the enterprise eliminate any imbalance. The law stipulates that "the production and business programs of the wholly-owned foreign enterprises shall be reported to the competent authorities for the record". The officials explained that the reason for this provision is that many foreign investors may not be familiar with China's laws, regulations, economic structure and administrative system.

He said that the appointment of certain departments to be in charge of these enterprises is just to help them overcome any difficulties, adding that these departments will help when other departments and units are involved in solving certain problems. The departments responsible for wholly-foreign owned enterprises, he said, differ in function with their counterparts in charge of other types of enterprises. Therefore, they should not intervene in the managerial autonomy the wholly-foreign owned enterprises are entitled to according to the law. By the end of 1985, China had accommodated more than 2,300 joint ventures, over 3,700 Sino-foreign cooperative enterprises and some 120 wholly-foreign owned enterprises.

This practice over the past few years, the official said, has proved that the three forms of introducing foreign capital into China can play different roles under different conditions. "It is not appropriate to say that one form is more practical and better than another," he said. "Nor is it proper to say that the control over the wholly-foreign owned enterprises should be tighter than that over the other two types. The adoption of the varying forms," he added, "will speed up the introduction of foreign capital into China and promote the development of China's national economy. "It is expected, he said, that the law on wholly-foreign owned enterprises will help attract more foreign investors to run their own enterprises in China.

DETAILS OF QIAO SHI'S CAREER PROVIDED

OW120746 Beijing XINHUA in English 0739 GMT 12 Apr 86

[Text] Beijing, April 12 (XINHUA) -- Qiao Shi, a veteran communist, became China's fifth vice-premier today. This appointment, nominated by Premier Zhao Ziyang, was approved by the Fourth Session of the Sixth National People's Congress this afternoon. Qiao's appointment indicates the intention of the Chinese Government to give better guidance to the country's political and legal work.

He is a member of the Political Bureau and the Secretariat of the Central Committee of the Communist Party of China (CPC) and, concurrently, secretary of the Political Science and Law Commission under the CPC Central Committee.

Qiao, born in 1924 in Dinghai County, Zhejiang Province, joined the Communist Party in 1940. Later, he became secretary of the General Party Branch of the Shanghai Middle School, and then deputy secretary of the New City District. Shortly after the founding of the People's Republic in 1949, he served as secretary of the Youth Committee of the Hangzhou Municipal Party Committee. From 1964, he served successively as a bureau director and head of the International Liaison Department of the CPC Central Committee, director of the General Office and head of the Organization Department of the CPC Central Committee. In 1982, he was elected a member of the 12th CPC Central Committee and an alternate member of the Secretariat of the Central Committee.

SONG JIAN'S POSTS, APPOINTMENTS ENUMERATED

OW120756 Beijing XINHUA in English 0744 GMT 12 Apr 86

[Text] Beijing, April 12 (XINHUA) -- Song Jian, 54-year-old noted cyberneticist, was appointed China's state councillor today. This appointment, nominated by Premier Zhao Ziyang, was approved by the Fourth Session of the Sixth National People's Congress this afternoon. Song is concurrently minister in charge of the State Science and Technology Commission. His appointment is considered as a step taken by the Chinese Government to strengthen its guidance over the development of China's science and technology.

Song was born into a peasant family in 1932 in Rongcheng County, Shandong Province, and joined the Communist Party in 1947. During the 1950s, he studied automatic control in the Soviet Union. In 1962, Song headed a research institute for the development of a new rocket, and later was transferred to direct China's first cybernetics laboratory.

In the years that followed, he served successively as chief engineer and vice-minister of the Seventh Ministry of Machinery-building Industry, and vice-minister of astronautics industry. Song is fluent in Russian and English in 1980, he went to the United States as the president of the China Automation Society on a lecture tour of four U.S. universities, including Harvard University and the Massachusetts Institute of Technology.

NPC REPORTEDLY TO NAME WANG MENG CULTURE MINISTER

HK140824 Hong Kong LIAOWANG OVERSEAS EDITION No 14, 7 Apr 86 p 1

["Letter" by Bao Xin: "Talking About Wang Meng Assuming the Post of Culture Minister"]

[Text] My elder brother, spring has come to Beijing earlier than usual. The willow branches are dancing in the east wind and the flowers are moistened by showers. It is only early April and yet the place is full of the beauty of spring. You asked about new things in the cultural field in your letter.

According to reliable reports, Premier Zhao Ziyang has nominated Wang Meng as minister of culture at the on-going Fourth Session of the Sixth NPC. According to the latest news from the NPC session, the NPC deputies have placed high hopes on this appointment and there will be no problem in approving this appointment.

Well-informed people said that before the nomination, opinions had been extensively solicited in the cultural and art circles and Wang Meng had won much support. The fact that Wang Meng, a well-known "rightist," is to become a minister reflects the changes in China's political and cultural fields.

Politically speaking, Wang Meng has all along been a scholar without power or influence. The reason he will become a minister is merely because his works and his character are welcomed by the people and he enjoys high prestige. This also shows that the CPC has thoroughly reversed the verdicts of past false, unjust, and wrong cases. Wang Meng has not only been rehabilitated but also assigned to the important post of minister of culture. The CPC has no prejudice against him, nor does it bear him a grudge. It has adhered to the principle of appointing people on their merits.

Culturally speaking, the winds and rains, or the storms, are over and this is a cultivation stage today. In factories, on the vast expanse of farmland, and in the laboratories for scientific experiments, people are working hard for modernization. In the cultural field, people are doing cultivation work for the development of culture and art and for spiritual civilization. If we say the winds and rains still exist, they are gentle breezes and mild rains, spring winds which made the willow branches dance and spring rains which moisten the flowers. Therefore, we can say that Wang Meng has good luck and does not face the problem that during his term of office any more personages in the cultural and art circles will be labeled as "rightists" or "anti-party elements." He will fulfill the mission entrusted him by the people as long as he works hard to unite the old and the young, people of the three religions and nine schools of thought, and all sorts of other people in the cultural circles to weed through the old and bring forth the new, and to carry forward the traditional culture of the Chinese nation with its long history of 5,000 years.

What is surprising is that to date some people abroad are still fond of labeling scholars on the mainland as "leftists" or "rightists." They are still wearing a priest's gown and are resorting to magical arts to summon winds and rains. At a time when the situation of unity and stability has become increasingly more consolidated on the mainland and the demand for reunifying the Chinese nation has become increasingly stronger on both sides of the strait, do they not feel that their words and deeds are out of keeping with the times?

Bao Xin 2 April

ECONOMIST QIAN JIAJU ON PRICES, CAPITAL PROJECTS

HK141222 Beijing ZHONGGUO XINWEN SHE in Chinese 1009 GMT 11 Apr 86

[Text] Beijing, 11 Apr (ZHONGGUO XINWEN SHE) -- "It is better to apply objective laws than to rely on administrative power." At the Fourth Session of the Sixth CPPCC, which ended this afternoon, Qian Jiaju, a noted Chinese economist, pointed out: So long as we strictly control the amount of currency issued and vigorously develop production at the same time, we need not worry about price fluctuations. It must be borne in mind that the effects of objective economic laws are most lasting, whereas the effects of administrative orders are more transient.

Qian Jiaju said: The problem of prices is the most sensitive problem at this point. If prices go up, the stability of the public mood will be affected. He suggested that the 8.8 increase reported by the State Statistical Bureau in last year's price index could not accurately reflect the actual situation because the figure was a weighted average figure of the prices of durable and expensive goods, such as refrigerators, and of daily necessities, such as vegetables.

Since the prices of some durable and expensive goods went down rather significantly last year, this figure thus gives one the impression that prices did not go up too much. He described the principle of basically stabilizing prices this year as both correct and necessary, because China's unreasonable pricing system must be reformed without further delay. However, he pointed out that since prices affect the people's livelihood, social stability, and the overall situation, our reforms must be cautious.

He said: There are two factors governing the rise and fall of prices. The first factor is the supply of goods and materials and the second is the supply of currency. If, given a plentiful supply of goods and materials, the amount of currency issued does not increase, prices cannot go up. This is an objective economic law that is not affected by people's subjective will.

Qian Jiaju said: In order to control the issuance of currency, the central authorities have adopted a number of measures, including some aimed at curtailing investment in capital construction and controlling the uncontrolled increase in consumption funds. He continued: In curtailing investment in capital construction, it is necessary to immediately halt those overambitious projects whose feasibility has not been scientifically confirmed, which absorb much investment, which produce results slowly, and whose effects on future generations still remain an open question. This is the most effective measure for checking the uncontrolled increase in investment in capital construction. Disruptive capital construction procedures and aggressive ambition are two extremely unhealthy tendencies in our economic construction. If these tendencies are not checked, one must worry about the future of the for modernizations.

Speaking on the problem of how to stabilize prices, this economist cited a Chinese saying: "It is better to be drastic than to be ineffective." What he meant is that we should control the issuance of currency and develop production at the same time. However, in curtailing credit and loans, we should pay close attention to important problems and not impose uniformity on things.

Qian Jiaju also spoke on his impression of the four special economic zones, including Zhuhai. Not long ago, he made a tour of them. He said: The special zones are more an asset than a liability. They are special economic zones, not special political zones. Although the confusion created by the currencies circulated there is a result of objective circumstances, it has impaired state sovereignty, national dignity, and the creditability of the renminbi. This problem must be solved without delay.

ZHAO ZIYANG MEETS SCIENCE, TECHNOLOGY WORKERS

OW150147 Beijing XINHUA Domestic Service in Chinese 1131 GMT 14 Apr 86

[Text] Beijing, 13 Apr (XINHUA) -- Premier Zhao Ziyang recently received more than 100 scientific and technical personnel at Zhongnanhai from all over the country, who have made important contributions to our country's scientific and technological undertakings. Among them were veteran scientists and professors, young and middle-aged experts, and scientific and technical management personnel.

Premier Zhao had informal discussions with the experts on the question of our country's scientific and technical development. He stressed: China's scientific and technical work can be divided into two parts. One is directly serving the goal of quadrupling the total industrial and agricultural output value by the end of this century. This is the priority task for scientific and technical work.

The overwhelming majority of scientific and technical personnel should firmly devote themselves to this most important task, serve without the least hesitation this century's economic construction, and gear their work to the needs of the present stage of production. We must continue to uphold this correct orientation. The other part is for serving economic and scientific and technical development, as well as social progress in the next century. China must rely on high technology for its economic rejuvenation from a long-term point of view. There must be a relatively smaller number of people attending to this undertaking. We should do what we can to monitor selectively world developments in high technology and strive to make breakthroughs in certain fields. If we do so, we shall be able, by the end of this century, to both achieve the goal of quadruplication and pave the way in technology for progress in the next century and make ourselves more prepared for the achievement of the next century's goals.

Premier Zhao pointed out: Developing high technology has become an international trend. China has always opposed hegemonism and the arms race, and will not take part in the arms race in space. In developing high technology, we must proceed from our national situation to discover the best program for its peaceful economic construction at the lowest expense, and the swiftest and highest economic returns.

Premier Zhao said: We must mainly rely on our own scientific and technical strength in developing high technology. At the same time, we should pay great attention to international cooperation. China welcomes foreign experts and scholars to join its work of high-technology development. We shall also send scientists for joint cooperative research in other countries.

Premier Zhao particularly pointed out that we should pay special attention to employing talented young and middle-aged scientists, letting them shoulder heavy burdens and work vigorously for 15, 20, or 30 years.

Present at the reception were comrades Yao Yilin, Li Peng, Zhang Aiping, Wang Bingqian, and Song Jian. Also present were responsible comrades of relevant departments, including Zhu Houze, Ding Henggao, Wu Shaozhu, He Dongchang, Ma Hong, Lu Jiaxi, Yan Dongsheng, Li Tieying, and Li Xue.

SCIENCE ACADEMY SAID 'KEY' TO SCIENCE, TECHNOLOGY

HK111217 Beijing CHINA DAILY in English 11 Apr 86 p 2

[Excerpt] More than 100 technology development corporations set up by the Chinese Academy of Sciences over the past few years have played a key role in spreading scientific breakthroughs and offering technological advice to local firms, according to the newspaper CHINA SCIENCE AND TECHNOLOGY. The paper said the corporations played an important role in turning scientific results into commodities and more than 100 new products had been launched in joint ventures with both domestic and foreign companies.

In China, the Technology Development Corporation of the Micro-Organism Research Institute helped transfer some of its findings to a chemical plant in Bayan County, Heilongjiang Province, which had stopped production five years earlier. The plant was revitalized and its annual output has now reached 2 million yuan.

The corporations have also set up technological cooperation deals with 27 economic establishments in the United States, Japan, Canada, Australia and Singapore. Many corporations have also held training courses.

CIVILIAN-DEFENSE INDUSTRY COOPERATION URGED

HK120401 Beijing GUOJI SHANGBAO in Chinese 27 Mar 86 p 1

[Editorial: "An Important Way To Increase Exports and Invigorate the Economy"]

[Text] Over the past few years, our national defense industries have been successful in cooperating with civilian industries. This mainly serves the domestic market and earns foreign exchange through export. However, production of civilian products by defense production departments is still at a transitional stage and exports of civilian products by defense product enterprises have just started. Attention has now been focused on using existing capacity and technological advantages of defense production enterprises so as to speed economic construction and earn more foreign exchange through export. However, we should make further efforts to have a proper understanding of the matter and tackle some practical problems.

Our defense production enterprises are now strengthening cooperation with civilian industries. This is of particular significance for raising industrial technological levels, speeding technological transformation, invigorating the national economy, promoting export trade, and achieving socialist modernization in our country.

Over the years, our national defense industries were separated from economic construction in structure. Therefore, enterprises producing civilian products are still importing some technologies that our defense production enterprises have already used. In recent years, the work of our national defense industries has been whittled down because of the troop reductions, but many machinery and electronics products produced by civilian industries have been in short supply. In strengthening cooperation with civilian industries, defense production enterprises must keep their doors open so as to free up the forces of production and give fullest play to their potential and advantages. This is a major element in our economic restructuring and a historical turning point for our defense production enterprises and national defense industries.

Producing civilian products for export with concerted efforts of national defense industries and civilian industries is an important way to invigorate our economy. Our defense production enterprises have many outstanding qualified people and they possess relatively advanced technology and good production equipment. Many production technologies of the defense production enterprises are the most advanced in our country and come closer to world standards than the civilian industries. In catching up with the surpassing advanced world standards, our defense production enterprises have more advantages than the civilian industries. The civilian products produced by them, therefore, will be more competitive in the world market. This will give a great impetus to the export of machinery and electronics products and the development of the whole electromechanical industry. Meanwhile, through competition in world markets, the technological level of our defense production will thus be raised, promoting the development of our four modernizations.

In the late 1920's [as published] and early 1970's, many enterprises and research institutes of the national defense industries were established in the interior. In transforming the national defense industries, we must give full play to the technological advantages of these enterprises and institutes so as to integrate these technologies with foreign advanced technologies imported by the coastal areas and make use of them in production. This is also a way to strengthen lateral economic and technological ties between the coastal areas and the interior.

In producing civilian products for export, our defense production enterprises still have to tackle a number of practical problems. However, current economic developments in our country are very favorable to the solution of these problems. Lateral economic ties between departments, localities, and enterprises and between foreign trade departments, production departments, and research institutes are now developing step by step. The government has adopted a number of policies and measures to promote the export of machinery and electronics products. Provided we adhere to a correct orientation and implement the relevant policies and measures in earnest, we shall be able to create a new phase in the production of civilian products by defense production departments.

TRANSFERRED ARMY CADRES MEETING SET FOR JUNE

OW110344 Beijing XINHUA Domestic Service in Chinese 1542 GMT 9 Apr 86

[Text] Beijing, 9 Apr (XINHUA) -- With the approval of the State Council and the Central Military Commission, a national conference of representatives of advanced Army cadres transferred to civilian work and of advanced units with achievements in the placement of discharged Army cadres will be held in Beijing in early June.

According to relevant departments, since the placement of discharged Army cadres was resumed in 1975, more than 1.6 million such cadres have been transferred to civilian work throughout the country. Governments at various levels have done much work in making arrangements for the placement of such Army cadres. Maintaining and carrying forward the fine Army tradition, large numbers of Army cadres transferred to civilian work have studied and worked hard, making tremendous achievements in local economic construction. Thus, they have become an important force in the four modernizations drive. The State Council's group for the placement of Army cadres being transferred to civilian work, the Ministry of Labor and Personnel, and the PLA General Political Department will jointly sponsor this conference to commend the advanced deeds of Army cadres transferred to civilian work, to encourage them to contribute more to the four modernizations, to promote the successful accomplishment of the task of Army structural reform and reduction-in-strength reorganization, and to further carry out activities in respecting and cherishing the Army and supporting Army reform and building throughout the country. This conference will be the first of its kind since the founding of the PRC.

GUANGMING RIBAO ON CONTROLLING INVESTMENT

HK110450 Beijing GUANGMING RIBAO in Chinese 29 Mar 86 p 4

[Article by Wang Jiachun: "Some Opinions on Macroeconomic Control of Investment"]

[Text] Measures for controlling investment and adjusting the investment structure should be directed at the factors which may allow investment to go out of control. These macroeconomic measures should be able to restrain rising demand, improve the supply of funds, and ensure the effective readjustment of the investment structure.

It Is Necessary To Tighten Bank Credit in Order to Control Investment

The influence of bank credit on orderly investment is mainly reflected in the following two aspects:

First, investments are supported by the expansion of bank credit. In recent years, total demand always exceeded total supply. The main reason lay in the use of bank credit. As we know, banks' available funds mainly come from three sources, namely, own funds, borrowed funds, and currency issues. After necessary deductions (such as the deposit reserves), the amount of own funds and borrowed funds that can be used is limited to the size of these funds. However, the issuance of currency is rather elastic. The normal currency issuance should be in line with the needs of commodity circulation. Excessive issuance will only upset the equilibrium between supply and demand. At present, the central bank controls the issuance of currency in the whole country, and it determines the amount of currency to be issued in light of the credit balance of various specialized banks. When the monetary system is not sound, the central bank must acknowledge all credit accounts kept by the specialized banks even if they have made excessive loans. If investment demands in society increase excessively and the banks make loans recklessly to meet these demands, the issuance of currency will exceed the normal level and will affect the credit balance. That has been the case in recent years, when the growth of investment has been fueled by the expansion of bank credit.

Second, bank credit is used to support investments outside state budgets. Many investments based on funds owned by localities and enterprises can win support from bank credit. In some cases, the investor units themselves do not have sufficient funds, so they use bank loans to make up for the deficiencies or rely on bank loans to arrange the working funds after investment projects are completed. In other cases, the enterprises first divert their working funds to capital construction and then ask the banks for loans. Sometimes, these enterprises even use money set aside for payments to make investments. In the whole country, when enterprises use funds set aside for purchases or their advances on sales to make investments, this is equal to using bank loans to make investments; in other cases, some enterprises use their overdue loans as their own funds to make investments.

In order to effectively restrain the demands for investment, the loan limit should be kept within the added balance and should not exceed the investment norm specified in state plans. In view of the present situation in which the scale of investment is too big and production working funds are insufficient, the central bank should curtail loan quotas for investment that it assigns to various specialized banks and should correspondingly increase the supply of working funds. At the same time, the proportion of deposit reserves handed over by various banks should be reasonably readjusted in light of amounts of funds needed by the specialized banks and in light of their needs in making loans so that the specialized banks may have sufficient funds to make loans in light of the plans and at the same time be prevented from disrupting the credit plan with the excessive funds in their hands. The central bank should use the reserves handed over by various specialized banks sparingly so as to gradually overcome the contradiction caused by total demand exceeding total supply and to establish a relative equilibrium between social purchase power and the supply of materials. The central bank should take effective measures to prevent enterprises from using their working funds to make capital investments and from expanding capital investment by defaulting on repaying bank loans. In order to conduct effective supervision and to control the scale of investment, specialized banks should not make overlapping investment loans. Apart from some transformation projects which merely require modest investment and short-term loans, all capital investment loans should in principle be offered by the construction bank.

It Is Necessary To Rationalize Planning Procedures to Control Investment Scale and Tighten Credit

Normally, the planning procedures should follow the principle of "production first and capital construction later." Priority should be given to the needs of additional working funds and investments in technological transformations. In addition, as the production and needs of production materials and consumption materials are not always even, in order to ensure normal production and life and to have the ability to cope with natural disasters and other emergencies, it is also necessary to keep certain quantities of material reserves. Only after arrangements are made for the above items can we arrange the investment in capital construction in light of the quantity of the remaining accumulation funds, and only thus can we guarantee our present production and coordinate our immediate needs with future needs.

However, the existing planning procedure first determines the scale of capital construction. The accumulation funds organized by the state treasury are all handed over to the planning department to arrange capital investment, and the burden of supplying working funds is left to the banks. Enterprises also use their production funds, which come from the profits they retain after turning over the part due to the state, to build new plants or to expand plants, then they turn to the banks for working funds. This in fact is a form of expanding credit and artificially enlarging the scale of capital construction. Moreover, in the course of planning investments in recent years, the authorities concerned have treated the banks as de facto secondary sources of state budgets, and they tend to use bank funds to make up for deficiencies in state investments. The planning department even has the authority to order the banks to offer investment loan and all loan items have to be approved by the planning department. So the banks can only "make loans according to orders." At present, the banks on the one hand are under great pressure to supply working funds and on the other hand they are forced to offer large amounts of investment loans year after year. This has sharpened the contradiction between supply and demand, expanded the investment scale which is too big, and finally led to a vicious growth of credit.

In order to curtail investment credit and control the investment scale, planning departments at all levels should first guarantee the needs of normal production and appropriate construction funds in light of the concrete financial conditions. Capital investments must be kept within the limits of the state's financial capacity. We must not use the method of expanding credit to cover up the financial imbalance. Meanwhile, the estimates of construction projects must include a certain proportion (say, 30 percent of the funds needed) of working funds, otherwise banks should not offer loans to these projects.

Adopt Effective Investment Policies, Guide the Orientation of Extrabudgetary Investment

Since the financial distribution system was reformed, funds outside the state budget have increased rapidly, and the scale of investment based on local funds and enterprises funds has been growing year after year. At present, we lack effective guidance for use of these large amounts of funds. The use of these funds often goes against the state's economic objectives. To solve this problem, we must rapidly work out and carry out some effective investment policies so as to give extrabudgetary investments a correct orientation.

First, it is necessary to solve the issue concerning the distribution of the returns on investment. When localities use the funds at their disposal, their purpose is mainly to increase local revenues. Some construction projects may be profitable in their localities, but they can be unreasonable in terms of the national arrangements. In order to maximize bringing partial interests into line with overall interests, it is necessary to properly coordinate the financial relations between the central authorities and the local authorities in the matter of distributing investment funds so that localities may invest in projects which will be beneficial to both national and local interests.

To achieve this purpose, we could change the method of distributing incomes according to administrative subordinate relations and work out a method of distributing tax revenues between the central and local authorities according to some specified proportions so that both the central and local authorities can achieve corresponding incomes in line with production development and with the enhancement of macroeconomic results. In view of the situation in which localities tend to make more investments in processing industries than in energy and transport industries, the state should raise the proportion of product taxes and income taxes that should be turned over to the state by these industries and leave all or most of the taxes from the energy and transport industries in the hands of the localities which run these industries. This will promote the rationalization of the investment structure.

Second, it is necessary to take effective measures to channel extrabudgetary funds to meet the needs of the state. The state can formulate various policies to organize funds in the hands of localities, departments, and enterprises to invest in some urgently needed projects selected by the state. The state may appropriate part of its budget to subsidize investments or pay interest so as to absorb and organize social funds in the development of key industries. The policy of setting differential interest rates can also be adopted. When offering loans, the banks can give preferential interest rates if the loans are used to develop the key industries in the national economy. At the same time, prices should be further rationalized, and the price parities between products of the basic industries and the processing industries should be gradually readjusted. The price policy should effectively play a role in supporting and restraining the development of a certain industry and in directing the use of extrabudgetary funds to the weak link of the national economy. This will really make the investment policy function as an invisible hand which always guides the use of social funds to the correct area.

SENIOR ADVISORY COMMISSION MEMBERS PLANT TREES

OW091534 Beijing XINHUA in English 1515 GMT 9 Apr 86

[Text] Beijing, April 9 (XINHUA) -- The 1986 tree planting drive was highlighted this morning by the participation of some 40 senior communists, who are members of the party Central Advisory Commission. They earthed up and watered the roots of some 80 pines and cypresses with Beijing residents in the Longtanhu Park in Beijing's city center. "We want to contribute to the well-being of the future generations," said 78-year-old Wu Xiuquan, member of the commission's Standing Committee. The Central Advisory Commission, consisting of senior revolutionaries, is headed by Deng Xiaoping. Its members had participated in the 1984 and 1985 tree-planting.

QIAO SHI, PENG CHONG URGE CHILDREN TO OBSERVE LAW

OW101436 Beijing Domestic Service in Mandarin 2230 GMT 8 Apr 86

[Text] ZHONGGUO SHAONIAN BAO [CHINESE YOUTH JOURNAL] frontpages articles for children written by Qiao Shi, secretary of the CPC Central Committee's Secretariat, and Peng Chong, vice chairman of the NPC Standing Committee, encouraging children to be law-abiding and observe discipline. Qiao Shi's article is: "Cultivate the Habit of Observing Discipline and Abiding by the Law While Very, Very Young", and Peng Chong's article is: "Little Children Also Should Learn Something About Law." The paper's editor expresses the hope that children will respond to Qiao Shi and Peng Chong with concrete deeds and that everyone will be a model in observing discipline and abiding by the law.

JIANGSU COUNTY LEADERS PUNISHED FOR DERELICTION

OW141001 Nanjing Jiangsu Provincial Service in Mandarin 1100 GMT 13 Apr 86

[Text] The Jiangdu County seat held a lantern festival on the evening of 21 February. Because of serious dereliction of duty on the part of a handful of leaders in the county, a serious accident took place during the course of the festival, which killed 21 people and injured 27 others. To straighten out party workstyle, enforce discipline, and restore the party's prestige, the discipline inspection commission of the Jiangsu Provincial CPC Committee decided to take serious action against those responsible for the accident.

Being held directly and chiefly responsible for the accident, Comrade Zhang Changxiang, secretary of the Jiangdu County Party Committee, was removed from the posts of Standing Committee member and secretary of the county party committee. Being considered to have direct and major responsibility for the accident, comrade Li Haoyao, Standing Committee member of the county party committee and director of the Propaganda Department of the county party committee, was removed from his current posts. Being regarded to be sharing major responsibility, Comrade Wang Jianbao, deputy secretary of the county party committee, chairman of the county People's Congress Standing Committee, and secretary of the Discipline Inspection Commission of the county party committee, was given a serious intraparty warning. Being held to share specific responsibility, Comrade Ye Haixiang, deputy secretary of the county party committee and head of Jiangdu County, and Comrade Xie Faning, deputy county head, were given serious intraparty warnings and administrative demerits.

On 10 April, the Discipline Inspection Commission of the Jiangsu Provincial CPC Committee issued a circular to all party organizations throughout the province on the handling of those responsible for the accident. The circular pointed out: The accident was caused mainly by an erroneous guiding ideology and a mistaken policy on the part of the major leading comrades of the Jiangdu County Party Committee in holding the lantern festival. Blinded by the excellent situation, they forgot to implement the instructions of higher-level authorities with regard to holding the lantern festival. Neglectful of the people's safety, they took on bureaucratic airs and became highly irresponsible in work.

The circular called on all party organizations throughout the province, particularly leading cadres, to draw lessons from the accident and earnestly change their ideology and workstyle. It stressed: In the face of success and honor, they must guard against conceit and impetuosity, maintain a cool mind, exercise prudence, firmly bear in mind that the purpose of the party is to wholeheartedly serve the people, do a still better job, and strive to win fresh successes in building the two socialist civilizations.

JIANGSU SENDS 600 CADRES TO COUNTRYSIDE

OW121109 Nanjing Jiangsu Provincial Service in Mandarin 2300 GMT 9 Apr 86

[Text] According to XINHUA RIBAO, the Jiangsu Provincial CPC Committee recently decided to select 600 cadres from provincial-level organizations and send them to the countryside of Xuzhou, Huaiyin, Yancheng, and Lianyungang cities to help improve the basic-level work.

On 15 March, the Provincial CPC Committee called a meeting among the responsible comrades of all provincial-level departments. Preparation for selecting and mobilizing cadres was made at that meeting. Comrade Han Peixin said at that meeting: Office cadres selected this time are to be sent exclusively to economically weak counties of the Xuzhou-Huaiyin-Yancheng-Lianyungang area.

This is a concrete step to implement the provincial CPC Committee-announced strategic policy of further perfecting economic conditions in southern Jiangsu and quickly developing northern Jiangsu in order to insure the fulfillment of our province's Seventh 5-Year Plan. It is an effective measure for genuinely improving the work-style of leading organs. It is also an important way to train and temper cadres and help middle-aged and young cadres quickly mature. Cadres of provincial-level offices, in particular middle-aged and young cadres, must foster noble ambitions, be eager to apply for this assignment, and vie for this opportunity to go to basic-level units in the countryside to temper and test themselves.

The main tasks for this group of cadres sent down to the countryside are:

- Help basic-level party organizations in party rectification;
- Train cadres to strengthen leading bodies;
- Publicize the party's policies and principles and help in promoting economic restructuring and economic work;
- Help formulating economic and social development plans and take effective measures to accelerate the development pace;
- Step up ideological and political work at basic-level units, mobilize the masses to do political and general studies and learn sciences and technical skills, and help in promoting spiritual civilization;
- Conduct investigation and study and constantly report to higher-level organizations and the provincial CPC Committee all new experiences, conditions, and problems in their basic-level work.

The provincial CPC Committee requires that all provincial-level departments must keep the over-all situation in mind, strictly go by the set conditions, and conduct ideological mobilization well in order to select and send out those middle-aged and young cadres who are politically and professionally competent and, in particular, outstanding ones. After this round, experience should be accumulated and a system for sending cadres down to basic-level units be established and continued in future.

HENAN CONFERENCE ON AUTUMN GRAIN PRODUCTION

HK141322 Zhengzhou Henan Provincial Service in Mandarin 2300 GMT 10 Apr 86

[Excerpts] From 9 to 10 April, the provincial People's Government held a conference on autumn grain production, demanding that all localities, while grasping wheat field management, lose no time in doing a good job in spring sowing and preparations, so as to make a new breakthrough in this year's autumn grain production.

The province's summer grain output increased rapidly over the past few years, but its autumn grain output remained at the same level, which has become a weak point in the province's grain production. This has not only restricted the growth rate of grain output, but has also seriously jeopardized the supply of raw materials needed in the plastics and light industry, and the needs of broad masses in their daily life. As the province's autumn grain output for 1985 decreased by 1.1 billion jin, only 59 percent of the prefectures and cities in the province fulfilled the task of autumn grain sales and purchase contracts.

To swiftly change the passive and backward situation in the province's autumn grain production and to develop autumn and summer grain production equally and simultaneously is a strategic task confronting us.

The conference analyzed both favorable and unfavorable factors in the province's autumn grain production, and stressed that leaders at all levels must proceed from the overall situation of commodity production, gain a new understanding about the important position of autumn grain production, strengthen their sense of urgency for grasping autumn grain production, and grasp autumn grain just like grasping wheat.

The provincial government put forth a guiding plan for this year's autumn grain sowing area. The target is 69 million mu, an increase of more than 4 million mu over last year. It is hoped that all localities will grow as much autumn grain as possible, upgrade the quality of autumn grain, and increase their per unit area yield.

All trades and departments must support autumn grain production. Light industrial, commercial, and foreign trade departments must take the initiative to sign contracts with peasants on the production and purchase of raw materials, so as to complement agriculture with industry, commerce, and foreign trade, and promote more rapid development of autumn grain production.

HUBEI SAFETY INSPECTION GROUP FINDS MANY PROBLEMS

HK130251 Wuhan Hubei Provincial Service in Mandarin 1100 GMT 12 Apr 86

[Text] On 4 April, the central-south subgroup of the State Safety Inspection Group began a safety inspection of more than 20 enterprises, units, and undertakings in Wuhan, Huangshi, Xiangfan, Shiyan, Xianning, Yunyang, Daye, Yangxin, and other prefectures, cities, and counties. They discovered that safety work is weak in many enterprises and units. Some leaders lack knowledge of safety, some have not arranged safety and anticrime measures, and organization is not on a sound basis. Some installations do not meet the safety regulations. Safety technological transformation projects have not been included in the work plans of some units. In particular, certain small coalmines which were already unsafe are still in operation, posing a danger to their workers' life.

(Yu Lei), leader of the inspection subgroup, exchanged information with responsible persons of the provincial government today. He said that, to make a success of production safety, it is first necessary to enhance understanding of its importance and properly implement the relevant state laws and systems. This work should be included in annual plans and the Seventh 5-Year Plan.

HUBEI LEADER ON RURAL TASKS, PEASANT ASSOCIATIONS

HK140409 Wuhan Hubei Provincial Service in Mandarin 1100 GMT 13 Apr 86

[Excerpts] Hubei Provincial CPC Committee Deputy Secretary Zhao Fulin said when addressing a provincial peasant association work conference yesterday that in this, the first year of the Seventh 5-Year Plan, the central task in rural work is to resolutely implement the spirit of central document No 1, sum up experiences, clearly understand the situation, implement the policies, carry out reforms in depth, grasp science and technology, give prominence to providing services, and stimulate sustained, steady, and coordinated development of the rural economy. Comrade Zhao Fulin said: The current situation in rural Hubei is good. However, we must also realize the material and technological basis of our province's agriculture is extremely brittle. We have little capacity to resist natural disasters. The level of scientific cultivation is low. Although some areas have doubled their income from industry and agriculture, they are still not well-off. Old revolutionary bases, minority-nationality areas, border and mountain regions, and areas around reservoirs are even more backward. There are many new issues in rural reform which require exploration. There are many instances of lack of coordination which require correction. There has still been no fundamental change in agricultural shortages. We have heavy tasks to do in rural work, and the road is long. We must certainly not be blindly complacent and come to a halt; instead, we should increase our sense of urgency, work hard amid difficulties, and clear the way to forge ahead. Comrade Zhao Fulin said: Since their establishment, the peasant associations have by their practical work played the part of a tie and bridge linking the party with the peasants. The provincial CPC Committee is satisfied with this performance. At present, the work of the peasant associations can only be stepped up, not weakened. The party committees and government at all levels must provide the necessary conditions for the work of the associations and support them.

HUNAN MEETING VIEWS ARMED FORCES DEPARTMENTS

HK130329 Changsha Hunan Provincial Service in Mandarin 1100 GMT 12 Apr 86

[Excerpts] A station reporter has learned from the provincial conference on handing over county and city People's Armed Forces departments to the jurisdiction of local authorities that the provincial CPC Committee, government, and military district have demanded that the pilot projects in this work be completed by the end of April, the work be unfolded on a fullscale in early May and basically completed by the end of May, and that the final touches be completed at the beginning of June. During the 3-day conference, (Xiao Qiuru), deputy commander of Hunan Military District, conveyed the spirit of the Guangzhou Military Region conference on handing over country and city People's Armed Forces departments to the local authorities. Jiang Jinliu, commander of the Military District, and Liu Fusheng, deputy secretary of the provincial CPC Committee, made speeches. Gu Shanqing and other leaders were also present. Comrade Liu Fusheng stressed: To do a good job in handing over the county and city People's Armed Forces departments, succeed in satisfying the Army, the localities, and the People's Armed Forces departments, and go further in creating a new situation in People's Armed Forces work, the party committees and government at all levels and the military departments must tangibly strengthen leadership and regard this handover as a current important item of work.

GUIZHOU HOLDS POLITICAL-LEGAL WORK CONFERENCE

HK120411 Guiyang Guizhou Provincial Service in Mandarin 2300 GMT 9 Apr 86

[Text] The provincial political and legal work conference, which ended on 8 April, stressed that this year the province must hit hard at serious criminal and economic criminal activities on the one hand, and implement various measures on comprehensive improvement of public order on the other, so as to basically improve the province's public order. The conference also made plans for this year's political and legal work throughout the province.

GUIZHOU CONFERENCE STRESSES SPRING FARMWORK

HK120415 Guiyang Guizhou Provincial Service in Mandarin 2300 GMT 9 Apr 86

[Excerpts] Yesterday evening the provincial CPC committee and government held a provincial rural work telephone conference urging all localities to take immediate action toward firmly following up on the discussion on becoming better off by reaping a better harvest, so as to promote the smooth progress of spring farmwork. The conference demanded that all localities lose no time in carrying out spring farmwork with emphasis on fighting drought, raising seedlings, and striving to reap a bumper harvest this year.

Zhang Shukui, Standing Committee member of the provincial CPC Committee and provincial vice governor, presided over the telephone conference. Ding Tingmo, deputy secretary of the provincial CPC Committee, and Qiao Xueheng, Standing Committee member and Rural Work Department director of the provincial CPC Committee, delivered speeches at the conference.

The conference emphasized the need to properly carry out three tasks in the current rural work.

1. To further deepen people's understanding of the importance of the discussion on becoming better off by reaping better harvests. All localities must formulate economic development plans in accordance with local realities.
2. Rural cadres and peasants must act promptly to launch an upsurge in spring farmwork centered on fighting drought and raising seedlings.
3. On arranging the daily life of the rural masses, the provincial CPC Committee and government demanded that the departments concerned pay close attention to the lives of those people in areas severely hit by disasters who need both food and clothes. They must be fully aware of the real situation and help the people formulate plans and measures according to local conditions so that the people can provide for and help themselves by developing production.

SICHUAN HOLDS LAND MANAGEMENT WORK CONFERENCE

HK141153 Chengdu Sichuan Provincial Service in Mandarin 0030 GMT 11 Apr 86

[Excerpts] The provincial CPC Committee has held a land management work conference to earnestly study and implement the spirit of the circular issued by the CPC Central Committee and the State Council on strengthening land management and prohibiting illegal occupation of arable land.

The conference demanded that CPC committees and governments at all levels deepen their understanding, strengthen their leadership over land management work, conduct examination, improve management, swiftly curb the malpractice of illegally occupying and using arable land, and implement the instruction of the CPC Central Committee and the State Council in a down-to-earth manner.

This conference was held from 7 to 9 April in Lezhi County. Attending the conference were leading comrades of the provincial CPC Committee; the provincial People's Congress Standing Committee; the provincial government; the provincial CPPCC Committee; all prefectures, cities, and autonomous prefectures; and the relevant provincial departments and bureaus. Xie Shijie, Standing Committee member of the provincial CPC Committee; Lie Chunfu, provincial vice governor; and (Liu Ping), responsible person of the Agricultural Committee of the provincial People's Congress, delivered speeches at the conference. The central subject of the conference was studying land management and examining the illegal occupation of arable land. While affirming the results the province has achieved in strengthening land management since the second half of last year, the participants also paid serious attention to the existing problems.

The conference believed that the sharp reduction in arable land has become a major hidden peril in rural areas under the current excellent situation. If we give free rein to this, it will do much harm to national construction and people's lives and mean problems for posterity. At the conference, Neijiang City, Leshan Prefecture, Deyang County, Nanchong City and Lezhi County exchanged experiences in strengthening land management.

The conference believed that to implement the instruction of the CPC Central Committee and the State Council, it is necessary to firmly grasp four tasks at present: 1) Immediately carry out the activities of propagating, studying, and implementing the spirit of the central document throughout the province. 2) Take effective measures to accelerate examination of illegal occupation of arable land and to fulfill the examination task on schedule. 3) Adopt administrative, economic, and legal means to strengthen land management. 4) Strengthen leadership over the work and properly carry out land management.

The conference demanded that CPC committees at all levels seriously put land management work high on their agenda. Principal leaders must personally deal with the matter and all relevant departments must cooperate with each other closely and exert concerted efforts to make the land management work a success.

XIZANG MEETING VIEWS CADRE SELECTION PRINCIPLES

HK120557 Lhasa Xizang Regional Service in Mandarin 1130 GMT 11 Apr 86

[Excerpts] On the afternoon of 11 April, the regional CPC Committee convened a meeting of members of party committees and groups and Political Department directors in the regional organs to implement the CPC Central Committee circular on strictly following party principles in selecting and appointing cadres. This was another important measure for straightening out party style.

Dangzin, deputy secretary of the regional CPC Committee, presided. Raidi, deputy secretary of the committee, made an important speech on how to implement the spirit of the central circular and do a good job in selecting and appointing cadres in Xizang.

Raidi said: Seriously implementing this central circular is of positive and practical significance and far-reaching strategic significance for correctly carrying out the principle of four transformations of the cadre force, sticking to the principle of appointing people on their merits, carrying forward the fine tradition of fairness and uprightness, correcting and avoiding malpractices in cadre employment, spurring changes in the cadres system and in work, improving the nationality cadre force, enhancing the quality of the cadres, and providing the organizational guarantee for the smooth progress of the socialist four modernizations. It completely accords with Xizang realities. The party organizations and the personnel departments at all levels must seriously study and appreciate the circular and resolutely implement it.

He said: Nationality cadres now account for over 60 percent of the total number of cadres in the region. They account for over 50 percent of the prefectural and county-level cadres. They have played and are playing an important role on all fronts and in leadership posts at all levels.

After analyzing the problems in selecting and appointing cadres in the region at present, he put forward the following demands regarding this work in the future:

1. The party committees and groups at all levels and of all departments, including the county CPC committees, must regard studying and implementing the CPC Central Committee circular as a major content of straightening out party style.
2. During the current structural reform, we must regard the central circular as an important weapon for readjusting the leadership groups, doing a good job in coordinating personnel systems, and harmonizing relations between cadres. We must readjust and assign leadership groups at all levels in strict accordance with the central circular's provisions.
3. In selecting and appointing cadres, we must fully follow the mass line. In selecting and appointing a leading cadre at any level, we must first survey opinion among the cadres and masses of the person's present unit, or else have them make democratic recommendation. The upper level can also send people to the unit to listen to the masses' views. In normal circumstances, we should fully respect the views of the majority of the masses, but we must guard against simply choosing people on the strength of a majority vote.
4. We must act strictly according to organizational procedure in choosing and selecting cadres. In the future, cadres cannot be selected without being examined by the organization departments.
5. Fairness and uprightness are the basic qualities for cadres in organization and personnel departments.
6. The leading cadres at all levels and the cadres in organization and personnel departments must observe the party's principles and discipline in a model way, seriously perform their duties, and be bold in sending in prompt reports, to stick to principles, and to boycott all violations of party principles and organizational and personnel discipline.

GANSU CIRCULAR ON INDISCRIMINATELY FELLING TREES

HK120850 Lanzhou Gansu Provincial Service in Mandarin 1100 GMT 10 Apr 86

[Excerpts] On 5 April, the provincial People's Government issued an urgent circular on resolutely prohibiting some places from indiscriminately felling trees. The circular points out: In recent years, the cadres and the masses throughout the province have seriously implemented all principles, policies, laws, and orders of the party on forestry, strengthened management of forestry affairs, and scored very great achievements in the protection of forests. However, in some places the unhealthy trend of damaging forests has sometimes risen and other times fallen, but has not been completely curbed. Therefore, leaders at all levels must attach great importance to this.

The circular demands: All prefectural commissioner's offices, city and autonomous prefectural people's governments, county, city, and district people's governments, and departments concerned of the provincial government must take vigorous measures to resolutely curb this unhealthy trend of damaging forests. It is necessary to continuously disseminate the law of forests on a large scale, to teach all cadres and people to conscientiously abide by the law of forests, to struggle against violations of the law of forests, and to further implement the system of responsibility for the protection of forests. No timber market shall be open in forest zones. All timber markets in the forest zones which have not been approved by the provincial authorities must be closed. No unit, individual, organ, or organization is allowed to go to a forest zone to procure, purchase, or transport timber without authority. An offender will be severely dealt with in accordance with the provisions of the law of forests. The trees of the forest zones, collectives, and individuals can only be lumbered with approval in accordance with the regulations. Timber is to be sold in a unified way by the forestry departments.

The circular also demands: The public security departments, procuratorates, and courts must give full play to their role of protecting forests and upholding public order in the forest zones, promptly investigate and deal with the cases of damaging forests, and openly try to deal with the big and serious cases in accordance with the law, so as to teach the masses and to frighten the criminals.

NINGXIA SECRETARY AT PLA COMMENDATION MEETING

HK120832 Yinchuan NINGXIA RIBAO in Chinese 31 Mar 86 p 1

[Report: "PLA Air Force Unit Stationed in Ningxia Holds Commendation and Summing-up Meeting"]

[Text] A PLA Air Force unit stationed in Ningxia held a commendation and summing-up meeting in Yinchuan on the afternoon of 29 March. Attending were Li Xuezhi, Hao Tingzao, Ma Sizhong, Jiang Guodong, Guo Wenju, and other leading comrades of the regional party, government, and military organizations, as well as Pan Jinghe, deputy political commissar of the Air Force of the Lanzhou Military Region.

When performing a task in September last year, officers and men of a regiment of the PLA Air Force unit displayed their revolutionary spirit by their utter disregard of hardship and bloodshed. In order to devote themselves to the task, some of them left their new brides and their bed-ridden parents, some went back to their unit before their leave was up, even though they still mourned over the death of family members, and some went on working in spite of illness. Thanks to their hard work with concerted efforts and serious attitude toward work, they overfulfilled the task by 13.4 percent and were ardently admired by leading comrades of the unit.

In carrying out the task, 71 percent of individuals and 90 percent of units rendered meritorious service and received awards, and 24 comrades gloriously joined the CPC and the CYL.

In a speech at the meeting, Comrade Ma Sizhong paid high tribute to officers and men of the unit who had successfully fulfilled the task assigned by the higher authorities in spite of the harsh climate, adverse circumstances, and numerous difficulties. He called on all officers and men to carry forward the spirit of the foolish old man who removed the mountains, to speed up revolutionization, regularization, and modernization of the troops, and to make greater contributions to a flourishing economy for Ningxia.

At the meeting, 8 units and 32 outstanding officers and men were issued certificates for meritorious service and were granted awards.

QINGHAI RADIO STRESSES PLANNED PARENTHOOD WORK

HK140143 Xining Qinghai Provincial Service in Mandarin 2330 GMT 13 Apr 86

[Station Reporter's commentary: "Persevere in Grasping the Two Kinds of Production Simultaneously and Strive To Fulfill the Population Plan for the Seventh 5-Year Plan"]

[Excerpts] The population plan assigned to Qinghai Province by the state for the Seventh 5-Year Plan is to keep the total population below 4.47 million by 1990. In its proposal on the Seventh 5-Year Plan, the provincial CPC Committee said that Qinghai must unswervingly and strictly control population growth during the period of the plan. This requires that, while grasping economic work, we can by no means relax planned parenthood work.

According to forecasts, the province will be in a peak birth period during the Seventh 5-Year Plan and the population will tend to rise again. Data show that from 1963 to 1979, there were 1.62 million births in the province and the population rose by 77 percent. The people born during this period will start to enter the age of marriage and child-bearing during the Seventh 5-Year Plan. It is estimated that 260,000 young couples will marry and have children during the period of the plan. This figure tops that for the Sixth 5-Year Plan by 52 percent.

In addition, the proportion of women of child-bearing age will rise from the present 23 percent to 26 percent.

Qinghai is also the youngest province in population age in the whole country. The average age in Qinghai is 23.5, and children under 14 account for 41 percent of the population. This means that the province's population will tend to go on growing up to the year 2000. Qinghai is also a minority-nationality area. Early marriage and the practice of having many children are more or less universal among the minority nationalities.

In view of these circumstances, it is essential to strengthen leadership and control over the implementation of the population plan in order to ensure the fulfillment of this plan during the Seventh 5-Year Plan. While further improving the policy on birth, we must strive to both fulfill the population plan and also to ensure that the great majority of the masses can accept it. We must also step up propaganda and education, popularize knowledge of population theory, and enhance the masses' spontaneity to practice planned parenthood.

SHAANXI RIBAO URGES IMPROVING PARTY STYLE

HK110327 Xian Shaanxi Provincial Service in Mandarin 0200 GMT 11 Apr 86

[Text] Today's SHAANXI RIBAO carries a commentator's article entitled "It Is Essential To Have Confidence and Courage." The article says: The leading comrade of the provincial CPC Committee has recently pointed out many times that it is essential to have staunch confidence and the courage to struggle in correcting party style and punishing violations of law and discipline.

The article stresses: Whether or not one has confidence and courage is not judged by fine words but by actions. It is judged by whether one dares to act decisively when tough problems are encountered, and whether one struggles to the end against bad people and deeds. It is also judged by whether one can persist in regarding everyone as equal in the face of party discipline and state law.

The article says in conclusion: So long as the party committees at all levels have confidence, resolve, and courage, and can mobilize all party members, cadres, and people to struggle against all party members, cadres, and people to struggle against unhealthy trends, we will certainly be able to attain a fundamental turn for the better in party style and social mood before long.

XINJIANG URGES FIGHTING DROUGHT IN SPRING FARMING

HK130255 Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 12 Apr 86

[Station Commentary: "Get a Good Grasp of Preventing and Fighting Drought and Strive for All-Round Victory in Spring Farming"]

[Excerpts] Spring farming is now underway throughout Xinjiang. Due to the drought in the region, there is not enough water for spring farming. This will have a direct impact on the work. According to our information, water storage in the region's reservoirs is 34 million cubic meters less than at this time last year. There is a shortfall of about 21 million cubic meters of water in spring farming. Although some rain and snow recently fell in parts of northern Xinjiang, most parts of the central and southern parts of the region have had no precipitation, and the drought continues to develop there. Hence, the leaders at all levels must by no means become slack and negligent and relax the work of taking precautions against and fighting drought.

In fighting drought, it is essential to promptly solve a number of problems. For instance, certain areas have not yet firmed up capital for fighting drought or charges for the use of small irrigation facilities. This has affected the maintenance of mechanically-operated wells, and the work of sinking wells, reinforcing small reservoirs, and so on. The leaders at all levels and the departments concerned must go to the frontline of fighting drought and take effective steps to rapidly solve the problems and spur the work.

'TEXT' OF GU MU PRESS CONFERENCE ON SEZS

HK111425 Hong Kong TA KUNG PAO in Chinese 11 Apr 86 pp 2, 3

[Special dispatch from Beijing by reporters Hou Tung-hai and Kung Shuang-yin: "Gu Mu Met Chinese and Foreign Reporters Yesterday, Speaking on Questions Concerning the Construction of the Special Economic Zones"]

[Text] Today, at the fourth press conference held by Zeng Tao, deputy secretary general of the Fourth Session of the Sixth NPC, State Councillor Gu Mu answered some questions raised by Chinese and foreign reporters. The text is as follows:

[Gu Mu] Today I am very glad to have this opportunity to meet you. I am sorry that I have delayed this meeting again and again because I did not feel well a few days ago. I think that the subject we will discuss concerns opening up and the construction of the special economic zones. I would like to exchange opinions with all of you in this regard.

Open Cities Will Not Be Closed

[Reporter] Could you please tell us about the situation of the 14 coastal cities which have been opened up to the outside world? Recently, some people said that these open cities had been closed, and there was also some confusion in people's minds about the development of things there.

[Gu] There is no question of the 14 coastal cities being closed again. The situation, since they were opened up, has always been good. In order to solve such problems as the excessive expansion of capital construction, credit, and foreign exchange expenditure, the state last year adopted a series of measures to strengthen macroeconomic control. This caused some temporary difficulties to the special economic zones and the open coastal cities, because they were also subject to tighter controls. However, with the efforts of various localities and departments concerned with the adoption of some measures, these difficulties have been basically overcome. In the past year, our coastal open cities and special economic zones achieved better results than any previous years. In 1985, China attracted more foreign funds than in any previous years. Direct investments made by foreign companies totaled some 5.85 billion, or increased by more than 120 percent over 1984. In 1985, China approved the founding of more than 1,300 new Chinese-foreign joint ventures, and this number is larger than the total in the previous 5 years. Early last year, many people at home and abroad were worried that the measures to strengthen state macroeconomic control would affect the development of the special economic zones and the coastal open cities. Facts so far have shown that the state last year continued to support these cities and zones by offering foreign exchange and renminbi loans to them, and the situation last year in these cities and zones will still be satisfactory.

The Introduction of the Commodity License System

[Reporter] This year, China has adopted measures to tighten the expenditure of foreign exchange and has imposed a license system on importing some commodities. What influence will these measures have on the production and operations of joint ventures? What measures will the state take to help these joint ventures in their production and operation?

[Gu] In view of the actual conditions in our country, it is necessary to introduce a state license system. However, we will continue to carry out all contracts which we signed with foreign companies before the license system was adopted. In the past, all contracts for establishing joint ventures we signed with foreign companies specified the names and quantities of goods that could be exported. Now we will issue licenses according to these contract terms to ensure the exporting of these goods. We will do our best to quicken the process of approving and issuing licenses by simplifying procedures so as to enable these units to export their products in light of the contract terms. As for importing goods, we will also ensure the execution of the contract terms which continue to be valid. Now there are not too many joint ventures in our country. The general principle of our government is to make these joint ventures a success. No matter what difficulties a joint venture has, we will act according to the relevant laws and the spirit of making joint ventures a success to help it over the difficulties.

Fujian Has No Debt Problem

[Reporter] We have learned that there are two diametrically different estimates about Fujian Province's work. One is that the central authorities affirm Fujian's achievements, and the other is that Fujian is heavily in debt and its governor is apologizing everywhere. What is the true situation?

[Gu] I have just come back from Fujian. I think that Fujian has scored great achievements in developing both the Xiamen Special Economic Zone and its open city Fuzhou. I have heard nothing about it being insolvent due to its heavy debts. My answer to the question is that I confirm Fujian's achievements. There are some shortcomings, but its achievements are the main aspect of its work.

[Reporter] There are some different views concerning the experience gained from the Shenzhen Special Economic Zone. Will you please give us some detailed information about the progress in the zone and your personal opinion on the zone's experience?

[Gu] Shenzhen has developed its work most quickly among all our special economic zones. Originally, it was a small border town with nearly no economic foundation. In a short period of 5 years, it has become a fledgling small, modern city. Shenzhen's industrial output value last year was 39 times bigger than that before the establishment of the special economic zone there. In the spheres of economic management and earning foreign exchange through exports, Shenzhen has continued to contribute to and provide new experience for our country. Last spring we suggested that Shenzhen give priority to improving its economic results and earning foreign exchange through exports and refrain from continuing to expand the scale of its capital construction. Over the past year, the people there have made new progress in this area. Compared with 1984, last year, Shenzhen nearly doubled the foreign exchange earnings of its exports. In 1984, exports accounted for 33 percent of its national economy, but in 1985, it accounted for 43 percent, an increase of 10 percent. They are confident that before 1990, they will balance and even have some surplus in their foreign payments and thus contribute to the state in this area.

[Reporter] The central authorities allocate no funds for the development of the special zones but only provide them with policies. This makes them pay attention to the trade and property sectors and neglect the development of industry. What is your opinion of this?

[Gu] In regard to both our special zones and open cities, we have said that we will give them no money but only policies, but as a matter of fact, we have given them some money. Compared with development zones similar to our special zones that other countries in the world have set up, however, our investment in the zones is relatively

Generally speaking, the state should provide funds for the preparation of the infrastructure such as underground pipes, roads, electricity, and water for the industrial areas set up in our special zones. However, when we began to establish our special economic zones, we were in the readjustment period of our state plans and due to financial difficulties then, it was difficult for the state to allocate many funds. Therefore, we could not help but adopt the method of giving only a little money and mainly providing them with policies. For example, for a certain period of time, the zones were exempted from delivering their profits to the state and thus able to keep their local revenues and accumulate their funds, and the state also provided the zones with necessary loans. The preferential policies that the state provided for the zones have made some people abroad willing to invest in the zones. The funds allocated by the state were small, but the zones have still been able to do what they wanted to do.

As for the emergence a few years ago of the malpractice of some people being too keen on making money through trade and even the emergence of some commercial activities carried out by a small number of people in violation of our regulations, these people's mistakes have already been corrected. This had nothing to do with the question of how much money the state gave the special zones.

[Reporter] Some investors complained that the development fees charged by the development areas were too heavy. Have the policies been relaxed in this area?

[Gu] As far as I know, the development fees and rent for the use of land charged by our special zones and development areas according to our regulations are fair. If reporters and other people tell us that they find that the rents charged on the use of our land are too high, we will make a systematic study of this matter.

"Has Shenzhen Earned Money From the Hinterland"

[Reporter] What difficulties has the special economic zone encountered in its efforts to develop an export-oriented economy?

[Gu] It is true that Shenzhen has to face some difficulties in its efforts to develop an export-oriented economy and make contributions to the state by earning foreign exchange through exports. Under the present circumstances in the international market, it is by no means easy to earn foreign exchange through exports. We have fully anticipated this situation. Taking the whole country into account, we can see that the establishment of the several special economic zones would be meaningless if they failed to make more contributions to the state by developing an export-oriented economy and earning foreign exchange through exports. Therefore, we have made up our minds to help the special economic zones improve their work and, especially, enhance their management and technical standards and promote exports with the aim of earning more foreign exchange. We have full confidence that we will fulfill our goal.

The special economic zone has also made great progress in establishing lateral economic ties with the hinterland in the past few years. Raw materials and primary processed products imported from other parts of the country are undergoing intensive processing in the special economic zone before they are turned into finished products and exported abroad. Meanwhile, through cooperation with the special economic zone, provinces and cities in the hinterland have become better informed about the international market. More provinces, cities, and industrial enterprises are expected to set up offices or plants in Shenzhen, making the zone their stepping stone in marching on the world.

In the year before last there was a view that the special economic zone had earned money from the hinterland, or that the south had earned money from the north. I do not agree with this view. First of all that was not the way we had put it. In fact, we said that Shenzhen was producing some goods that could meet the needs of the domestic market, just like Shanghai, Tianjin, and other cities were doing. It is true that Shenzhen earned little foreign exchange in the past few years, but I think it will take time for Shenzhen to mend its pace. It is impossible for a city like Shenzhen, with such an industrial basis, to become an export-oriented city in 3 to 5 years.

Singapore's Experience in Construction Can Be Used for Reference

[Reporter] China and Singapore are quite different from each other in terms of their economic structures and management methods. China has already appointed or is ready to appoint some Singapore experts as consultants. Mr Gu Mu, since you visited Singapore lately, could you tell me to what an extent Singapore's experience fits China's case, and how much it will cost to hire Singapore experts as consultants?

[Gu] Some of Singapore's experiences can be used by us for reference. For example, their government has undertaken the duty to deal with the workers' housing problems and 80 percent of their workers have now moved into government-built houses. The government has planned and run housing projects in a unified way and has implemented some fixed policies. In my opinion, their experience in solving workers' housing problems by the method of hire purchase as well as in unified urban planning, construction, and administration can be used by us for reference. Singapore's airport and port management is first-class. Therefore, I did say that we would like to employ some Singapore experts as consultants in such fields as tourism and urban administration. Of course we have to pay those consultants we employ, but so far we have employed a few consultants. Therefore, I cannot tell how much we have spent altogether.

[Reporter] Japan is China's largest economic partner, but Japan's investment in the special economic zones is relatively less than other countries. Does the Chinese Government feel disappointed in Japan's modest contributions to the construction of special economic zones?

[Gu] As this gentlemen just mentioned, Japan's investment in the special economic zones is relatively small. However, there is no question of anyone being disappointed or not on this issue. It is completely up to the investor himself to decide whether to make an investment. Last year, the number of joint ventures and cooperation projects involving Japanese companies did increase. Now, the number of Sino-Japanese joint ventures ranks third and is just next to the Sino-American joint ventures.

[Reporter] It is said that the central authorities recently laid down some new regulations on people who go abroad for a long or short time bringing back duty-free goods. Do you think that the new regulations are related to the present efforts to straighten out the party style and the policy of opening up?

[Gu] Maybe. I have been in provinces for a long time over the recent months, and I have not heard about this, so I cannot answer you here.

State Investment in Special Economic Zones

[Reporter] Mr Gu Mu, could you please tell us about the figures on state investment in the special economic zones? That is, how much money has the Chinese Government spent so far on the four special economic zones?

How much will it continue invest in the next few years up to 1990? If you cannot tell us about these figures, is it because you have no statistics or because you have to keep them secret?

[Gu] There is nothing secret about these figures, but is it necessary to to make them public here? Is it necessary for all of you to know this?

[Reporter] We know that China will go back to the situation in which there is only one kind of currency, and the foreign exchange certificates will be abolished. Does this mean that through a period of experimentation, China has found that using different currencies in a country is not a good method, or does this mean that Foreign Exchange Certificates have fulfilled their historical mission?

[Gu] I Know Comrade Yao Yilin has answered this question already.

Special Zone Currency

[Reporter] I also want to raise another question on the problem of abolishing Foreign Exchange Certificates. By doing away with Foreign Exchange Certificates, does this mean that China is taking the first step in making China's currency freely convertible internationally? Furthermore, what is the long-term currency policy for Shenzhen?

[Gu] It seems that I must give an answer, though Comrade Yao Yilin has talked about the matter. The Foreign Exchange Certificates have many drawbacks. We are prepared to do away with them, but their abolition does not mean that China's currency can immediately become freely convertible. We will take other means to solve the problems that foreign businessmen encounter in the matter of currency circulation.

The problem of a special zone currency is a matter of great concern to everyone. For a long time, the three currencies of renminbi, the Hong Kong dollar, and the foreign exchange certificate have circulated in Shenzhen. This does us no good. We are prepared to solve this problem. Our original plan was to issue a new currency in Shenzhen, called special zone currency, to bring about a solution, but this problem is too complicated. Some people approved and some opposed it. Moreover, it only provided a solution for the Shenzhen problem; the same problem facing the other special zones and coastal open cities could not be solved by it. Therefore, we must take a prudent attitude and leave this problem alone for another period of time. We will study this problem further with relevant experts at home and abroad to work out a conclusion before we do anything. The problem of issuing a special zone currency can only be temporarily held up as it is.

[Reporter] When can we expect to have the Foreign Exchange Certificate problem solved after all?

[Gu] I am not prepared to say anything more on the Foreign Exchange Certificate problem.

[Reporter] It is said that foreign businessmen are unwilling to bring high-technology production processes to the special zone. What is the CPC Central Committee's view of this problem now?

[Gu] We have all along kept a close watch on the problem of introducing new technology for Shenzhen. Shenzhen started out with out very strict demands on foreign investors in the technological fields, as far as this problem is concerned. But it has begun to take note of this in the past 2 years. Things imported in the past 2 years have been relatively advanced technologically, as far as the mainland is concerned. Recently, we have had several projects (I am not prepared to give concrete details) involving technology that can be claimed to be advanced internationally.

[Reporter] Some people say that the operation of the second line may affect people traveling between Shenzhen and the inland areas. How do you look at this problem?

[Gu] The second line of Shenzhen is officially in force. The operation of the second line will not affect people traveling between the inland areas and Shenzhen. Of course, people entering and leaving Shenzhen must complete some procedures to pass through the control line. In the control of any area, in my opinion, necessary procedures should be followed. The required procedures will not do what people say: the operation of the second line will put Shenzhen under rapid control. Only those activities that are illegal and not in line with stipulated regulations will be controlled. All those activities that are legitimate and are beneficial to Shenzhen and inland areas will not be restricted.

Guarantee for Investors To Send Money Out

[U.S. reporter] It seems that China is very fond of money and foreign exchange in particular. Those operators in partnership with China also love money very much. Now some joint-venture enterprises seem to have run into a serious problem. Due to certain foreign exchange-related problems, some factories even face the prospect of bankruptcy. If these factories should close down, does China allow foreign businessmen to take relevant foreign exchange out?

[Gu] If you say that the Chinese take to money, then I think that the Americans love money still more. (general laughter) Everyone loves money! (everyone present becomes excited) Without economic strength and without money, we can do nothing.

The problem of foreign investors sending out foreign exchange has been solved, as far as the law of our country is concerned. Four or five months ago, we laid down a rule allowing all foreign investors to freely send out their legitimate earnings. If any foreign investors has trouble sending out foreign exchange, I hope that you reporters, or the party concerned, will lodge a complaint with me. I am willing to help you take care of this matter. I can assure them that their foreign exchange can be freely sent out.

NUCLEAR MINISTRY TO MANAGE DAYA BAY NUCLEAR PLANT

HK111201 Hong Kong HONG KONG STANDARD in English 11 Apr 86 p 2

[Text] China's Ministry of Nuclear Industry will become the new boss in the management of the billion-dollar Daya Bay Nuclear Power Plan. The pending management shakeup was disclosed yesterday by the president of the China Nuclear Energy Industry Corp, Mr Liu Shulin. The corporation is the business arm of the Ministry of Nuclear Industry. The change is the result of administrative restructuring in Beijing last month. The current manager of the project is the Ministry of Water Conservancy and Power.

Speaking to reporters at the first-day of the China-Shenzhen Technology Fair, Mr Liu said the change was aimed at developing ministries with different specialities on varying methods of power-generation.

While the Ministry of Nuclear Industry would concentrate efforts on nuclear power stations, the Ministry of Water Conservancy and Power would continue to work on other means including hydro and coal-fired stations. The STANDARD has learned the Ministry of Nuclear Industry is capable of building medium-size nuclear stations with a capacity of 300 to 600 megawatts and is ready to build two 300 megawatts stations near Shanghai. The Ministry of Water Conservancy and Power used to act as an agent in introducing Western technology to China, sources said. It is understood the handing over of power to the Ministry of Nuclear Industry means the project has entered a period of implementation that requires experiences and expertise for practical projects in the future.

Mr Liu said administrative re-arrangements do not imply any change in the Daya Bay project but changes of officials in managerial posts of the project may be forthcoming.

Mr Wu Fuxing, a vice-general manager of the company, said the use of Chinese uranium in the Daya Bay Plant has been a cause of concern. Mr Wu confirmed that China had officially told its French partners in the Daya Bay project that China wants to run the plant with locally-supplied uranium. He also said China has been active in promoting nuclear-energy and technology for civilian and peaceful uses. According to Mr Liu, China has been exporting uranium to countries including Japan and a number of South American countries. There are also plans to include West Germany in future exports.

In yesterday's exhibition, a number of advanced designs previously meant only for military use were displayed for sale. These included a model of the renowned Chinese rocket, Long March No 3, a pilotless aircraft, an experimental space satellites. A total of 393 organisations from all over China brought 1,720 items of advanced technology for the exhibition, which will run until April 20.

PRC TO SUPPLY FUEL FOR NUCLEAR POWER PLANT

HK111203 Hong Kong SOUTH CHINA MORNING POST (BUSINESS NEWS Supplement) in English 11 Apr 86 p 1

[By Paul Sham]

[Text] China will insist on supplying nuclear fuel for the Daya Bay nuclear power plant in Guangdong, despite strong suggestions by the French reactor supplier, Framatome, that the fuel be supplied by a French source. The country will also take steps to export nuclear fuel in order to fully utilise its rich uranium resources. This was indicated by a source close to the Ministry of Nuclear Industry, who attended the Shenzhen Technology Fair yesterday.

The official, who did not want to be identified, told BUSINESS NEWS China will try "every means" to win the fuel order for the Daya Bay plant. "In light of the rich and cheap uranium supply from local sources, it would be unwise to produce from foreign countries," the official said. With two generating units, each with a capacity of 900 megawatts, the Daya Bay plant is expected to consume 300 tons of nuclear fuel in the first year and about 100 tons in each subsequent year. The fuel supply contract for the power station is one of the few not signed so far.

He said Cogema of France, a nuclear fuel supplier, has shown interest in the contract, but its price is way above China's offer. He stressed that "China's fuel processing technology has proved adequate to meet any demand of nuclear reactors." Admitting that the strong desire on both sides to supply the fuel might result in lengthy negotiations, the official said he believes Framatome will back off in view of the sound reasons offered by the Chinese.

He said the nuclear fuel will be supplied by China Nuclear Energy Industry Corp. But the first batch of nuclear fuel rods will be fabricated by Cogema using Chinese uranium, he said. "China's technology in the fabrication of fuel rods is sufficiently advanced, and this measure is needed to ensure the French take responsibility if anything goes wrong." He said fuel rods in the future will be fabricated by the Chinese.

The official said the rich and cheap supply of uranium in China has attracted foreign buyer interest, including France. Asked which countries have bought uranium from China, he gave an ambiguous answer, saying China is in "close contact" with Japan and West Germany about sales. The official said China wants to expand its exports of uranium, adding it has price and quality factors working in its favour.

Although exact figures on China's uranium reserves are not available, the CHINA NEWS SERVICE reported late last year it can satisfy the requirements of a 15 million kilowatt nuclear station for 30 years after meeting military needs. Meanwhile, the president of the China Nuclear Energy Industry Corp, Mr Liu Shulin, said the second phase development of the Qinshan nuclear power plant has been decided. The first phase called for the construction of one generating unit with a capacity of 300,000 kilowatts. It will start operation by 1989. Mr Liu said two more generating units, each with a capacity of 600,000 kilowatts, will be built in the later part of the Seventh Five-Year Plan. As in the first phase development, he said most of the equipment in the second phase will be built locally. The imported parts, described as "very few," include water pumps, pressurised vessels, and some monitoring equipment.

GENERAL MANAGER ON NUCLEAR PLANT'S CURRENT TASKS

HK120626 Hong Kong SOUTH CHINA MORNING POST in English 12 Apr 86 p 10

[By Louis Liu in Shenzhen]

[Text] The immediate task of the Guangdong Nuclear Plant Joint Venture Company is to polish up some points and negotiate outstanding issues in the letters of intent for contracts on the Daya Bay plant, its new general manager said in Shenzhen yesterday. Mr Zan Yunlong, appointed to the post recently after China's Ministry of Nuclear Industry took over the management of the plant from the Ministry of Water Conservancy and Power, said negotiations included supplying the plant with fuel. The letters of intent will become formal contracts in September, six months after they are signed he said. Excavation of the site for the two nuclear reactors will also start in September and take about a year to complete. Mr Zan said site preparation work will be completed this month. The first generator will be ready for production by the third quarter of 1992, and the second nine months later. He said he was determined and optimistic that work would be carried out according to schedule. One day's delay would cost the joint venture company about \$7.8 million extra. About \$522.6 million has already been invested in initial site preparation with almost half of it spent on land resumption.

Mr Zhou Yunquan, the deputy head of the nuclear industry's delegation to a technology fair in Shenzhen, said the controls on environmental and water pollution at Daya Bay would be up to international standards. He also said top nuclear energy experts have begun a study of the construction of nuclear plants in China under the Seventh Five-Year Plan. Nuclear plants require huge investments and the experts will carry out meticulous feasibility studies of the economic, technical and safety aspects of building them in various parts of the country he said. A clearer picture of China's development in the nuclear energy field for the next five years would emerge in about three to six months.

WEN WEI PO REPORTS ON PRC URANIUM RESOURCES

HK120746 Hong Kong WEN WEI PO in Chinese 12 Apr 86 p 3

[Dispatch From Shenzhen: "China Extremely Rich in Uranium Resources"]

[Text] Responsible persons concerned of the Ministry of Nuclear Industry disclosed at a news briefing yesterday that China has rich uranium resources and is now capable of exporting nuclear materials for peaceful use. It is capable of exporting nuclear materials for peaceful use. It is capable of exporting a maximum of 1,000 tons of uranium oxide (U_3O_8) a year and is conducting trade with Britain, France, Germany, and Japan. However, they denied that China had ever sold heavy water for nuclear reactors to India.

Liu Shulin [0491 2579 2651], leader of the Chinese trade delegation on nuclear industrial technology, who is now adviser to the Ministry of Nuclear Industry, and others, yesterday told Chinese and foreign correspondents that after more than 30 years of construction, China's nuclear industry has formed a considerably complete industrial system of nuclear science and technology and is staffed with a scientific research contingent with personnel have professional knowledge in various aspects of work and high technological capabilities.

It has accumulated experience in modern industrial production technologies such as the construction of nuclear engineering projects and the conducting of nuclear scientific and technological research China uphold the principle of peaceful use of nuclear energy. China is now capable of designing and building small and medium-sized nuclear power plants, reactors for various kinds of scientific research and experiments, miniature reactors, and low-temperature reactors for supplying heat. It is also capable of studying and producing various kinds of stable isotopes and radioisotopes and developing nuclear irradiation technologies.

The Ministry of Nuclear Industry has used some major large-scale installations such as high-flux reactors, heavy-water reactors, miniature reactors, and various types of accelerators, large cobalt-60 irradiation equipment, and large radioactive heat chambers, to turn out more than 700 varieties of isotope products. Isotopes, irradiation, and nuclear analytical technologies have been extensively used in industry, agriculture, medical and health services, and scientific research with remarkable results. China is willing to establish ties of cooperation, exchange, and trade with other countries and regions in the peaceful use of nuclear energy and technology. In the field of nonnuclear technological development and use, China has developed some advanced technology and equipment for civilian industries, such as hydrometallurgy, powder metallurgy, sophisticated chemical engineering, mining machinery, telecontrol, telemetering, low-temperature super conduction, ion exchange, extraction of solvents, demolition technology, high-speed photography, computer software, and environmental protection technology.

They also said their delegation had brought 200 items of scientific and technological achievements for display at the technological trade fair. Among these items, the miniature reactor, a product designed and built through China's own efforts, is small in size, low in cost, safe to use, does not contaminate the environment, is useful for many purposes, and may be installed in a city.

PERSONNEL TRANSFER IN NUCLEAR MINISTRY REPORTED

HK120445 Hong Kong WEN WEI PO in Chinese 11 Apr 86 p 2

[Special dispatch from Shenzhen by reporter Kuang Yu: "Peng Shilu, Former Vice Minister of Water Resources and Electric Power, To Be Transferred to the Ministry of Nuclear Industry"]

[Text] According to authoritative sources, Peng Shilu, former vice minister of water resources and electric power, will soon be transferred to a responsible position at the Ministry of Nuclear Industry. A number of national defense personnel who have been involved in nuclear testing will also be transferred. This is another measure that China will take to transfer nuclear technology to civilian industries. Peng Shilu, son of revolutionary martyr Peng Pai, has been transferred to Beijing after completing preparations for the building of the Daya Bay Nuclear Power Plant in Shenzhen. It has been learned that the Guangdong Nuclear Power Corporation will soon open an office in Hong Kong. Preparations are now underway.

STATE COUNCIL TO SET UP REFORM PLANS STUDY GROUP

HK091140 Hong Kong TA KUNG PAO in Chinese 9 Apr 86 p 1

[Special dispatch from Beijing: "The State Council Decides To Set Up an Economic Reform Plans Study Group"]

[Text] Beijing, 8 Apr (TA KUNG PAO) -- According to reports from sources concerned, in order to meet the needs of further reform of the economic structure in China, the State Council has recently decided to set up a leading group to study plans for reforming the economic structure. The task of this group is to study and formulate plans and principal measures for reforms next year and the year after. Vice Premier Tian Jiyun is responsible for this group, which has under it an office and six special groups, including the price, finance and taxation, investment, monetary, wages, and foreign trade groups.

The leading group for studying plans for reforming the economic structure will work under the direct leadership of the State Council and the Central Financial and Economic Leading Group. In the course of studying and formulating plans for reforms, the group will invite people from central and local departments concerned to participate in its work.

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